



SINO-INDIAN RELATIONS: 1996-2009

ABSTRACT

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ABSTRACT

This dissertation aims at a study of the various aspects of Sino-Indian relationship over the period 1996-2009. It emphasizes that despite various irritants and problems in the Sino-Indian relations, there is a desire among both the giants to promote their relationship in diverse fields particularly in economics. It further explores how both the countries could together play a leading role in shaping the 21st century as an 'Asian Century' and reshape the global political and economic order to their advantage.

Starting from a brief historical background of Sino-India relationship from 1949 till 1996, the study takes into account the analysis of foreign policy principles of both the states and then their applicability towards each other. It analyses how the internal and external factors after the collapse of Soviet Union, compelled both the powers to reorient and refashion their foreign policies towards each other. Moreover, some limitations in India's foreign policy towards China have also been highlighted. Further, the study takes into account the background and interests of cooperation and then underlying causes for the rivalry between the two states, which is extended to contemporary period, so as to comprehend how the most recent events (e.g. India's nuclear tests of 1998 and the recent Indo-US Civil nuclear agreement) have affected the bilateral relationship between China and India. Besides, regional, energy, economic and other factors, the impact of two important actors (states) – Pakistan and United States is also taken into account.

After discussing both the areas of cooperation and competition, the future prospects of Sino-Indian relations have been discussed in the light of preceding analysis. It ends with the note that though there is still a lot of divergence of interests between the two giants on a number of issues such as border issues, Tibet issue, Sino-Pak nexus, China's encirclement policy, growing Indo-US strategic cooperation, military build up of both the states, competition for energy resources and new markets, etc., yet the two will cooperate with each other keeping their rivalry and competition as flexible

and limited as possible. It is due to the fact that both the states want to emerge as major powers in the 21st century and for that purpose, the peaceful environment around their borders and friendly and cooperative relationship with each other is widely perceived as necessary. It is also realised and acknowledged that with the dawn of 21st century, the global political architecture is undergoing a transformation with power increasingly shifting from west to east and this new century will be an Asian Century. Hence in this new century, the relationship between the two Asiatic Giants - namely, China and India will be of crucial importance.

The time period for this study has been delimited from 1996-2009 because during the early and mid-nineties, foreign policies of both the States underwent drastic changes at the internal as well as external levels. At the internal level, in India, an era of coalition politics had begun which affected Indian foreign policy-making in a number of ways e.g., under the coalition governments, the foreign policy could not find adequate place on the priority basis. The frequent changes of governments at the national level led to the adhocism in the foreign policy making. Moreover, in the early 1990's, Indian economy was in a bad shape which made India vulnerable to external pulls and pressures. In case of China, the economic reforms started by Deng Xiaoping in the late 1970's and thereafter, the fast growing economy compelled it to forge new relationships with its neighbours. For its peaceful rise, it required peaceful environment. However, the seeds of rapprochement between China and India were sown in 1988 with the Indian Prime Minister Rajeev Gandhi's landmark visit to China.

Likewise, the changes in external environment also compelled both the states to come closer to each other. The most important change in the external environment was the end of cold war and the disintegration of the Soviet Union. The changed world power structure was another challenge faced by both the states because hegemony emerged as a dominant feature of the newly emerged world order. In addition, with a shift from geo-politics and

geo-strategic to geo-economics, the economic dimension of international politics had become prominent with economic issues taking precedence over political one's. Thus, all the internal and external developments which were taking place during the early and mid-nineties, made it necessary for both the States to set aside their political issues and come closer to forge cooperative bilateral relations especially in economic. Since, then, despite many ups and downs, the normalisation of Sino-India relations had made a tremendous progress. It is in the backdrop of above mentioned developments, that the periodization for this study has been delimited from 1996 onwards.

This study is divided into six chapters including the Introduction and the Conclusion.

Chapter I deal with the general introduction and the significance of Sino-India relations in 21st century, it has been discussed at length that despite the undercurrent suspicion and distrust, the cooperative and friendly relations are necessary for the peaceful rise of both the giants.

Chapter II briefly analyses the historical background of Sino-India relations. Though scope of this study is restricted to the time period (1996-2009), but various issues like border dispute, Tibet issue, etc. cannot be understood fully without taking recourse to history. Thus, the aim of this chapter has been chiefly to supplement the present study and not vice-versa.

Chapter III seeks to analyse the principles of Foreign policy of both the states and their actual applicability towards each other. Besides, some limitations in India's Foreign Policy making vis-à-vis China have also been highlighted.

Chapter IV discusses various areas or fields where there is a lot of competition and divergence of interests and also those areas where there is possibility of cooperation due to the convergence of interests between both the states.

Chapter V seeks to assess the future prospects of Sino-India relations in

the light of preceding analyses and observations.

Chapter VI is the concluding part which also highlights the main findings of this study. It ends with the note that the economic cooperation can be explored by both the states to mitigate their political issues.

This study arrives at a number of conclusions from an analysis of the available data and facts. These findings are summarised below:

First, China and India have co-existed peacefully for the last 2000 years. The peaceful co-existence of these two great civilizations for such a long period of time without coming into conflict with each other is in fact, a great and surprising fact in itself. The reasons and manifestations of such a long friendly relations have been: Absence of any clear-cut and demarcated border as the mighty Himalayas stood between these two great nations as a natural barrier; Material and spiritual (Buddhism) links which promoted peaceful and friendly relations in the ancient times; Trading and commercial links between the two states during the medieval period; Common sufferings and humiliations of both the nations at the hands of Europeans and thereafter, the struggles for liberation of their motherlands from the colonial powers in the modern period.

Second, in the post independence era, both the states adopted different models of development and different political systems. However, in spite these divergent paths, both the states maintained good neighbourly relations which ultimately resulted into the signing of Panchsheel Agreement between the two nations in 1954, which was followed by Hindi-Chini Bhai-Bhai (Indians and Chinese are brothers) phase. The main reason for such a cordial and friendly relationship during this period was that both the states were new born nations needing peaceful environment so that each side can concentrate upon its economic, political and social development with limited resources. That is why; the period between (1947-1958) is often described as 'Honeymoon period' or 'Friendship Hype period' between China and India.

Third, during the late fifties, Sino-India relations began to deteriorate due to the unsettled border and other problems. The growing distrust and hostility between China and India culminated in an open armed conflict in 1962. The Sino-India war (1962) was the watershed in the history of Sino-Indian relations. From 1962 onwards until 1970, the Sino-Indian relations remained in a state of constant suspension due to diplomatic freeze. It was during this period that Pakistan factor was born in the China-India relations when China supported Pakistan in its war against India in 1965. This Pakistan factor continues to haunt the Sino-India relations even today. It was also during this period that India leaned towards Soviet Union. Further, during this period, both the states adopted various counter-balancing measures against each other e.g., China incited naxal violence, trained Naga and Mizo insurgents and supplied them arms and ammunition to foment violence in India, supported India's arch rival Pakistan against India, etc. These entire moves were justified by China against India on the grounds that India was following the imperialist policies and is responsible for unrest in Tibet. It is due to these hostile attitudes towards each other and particularly the diplomatic freeze, the relationship between China and India during this period (1959-1970) is often described as 'Animosities period'.

Fourth, the normalization of relations between China and India began after 1970. It was due to the facts that; Sino-India relations were restored at the ambassador level in 1976 after 15 years; With the death of Mao Tsung far reaching changes were initiated in China's domestic and foreign policies, e.g., the modernization programme was started by Deng Xiaoping in the post-Mao period, an "open door" liberal policy towards trade and foreign investment was launched in late 1970's (1978-79), China's desire to improve security environment, encouraging trade and commerce and the desire to resolve all its outstanding disputes with India amicably, so on and so forth. Thus, the normalization and upturn in China's relations with India, has therefore, its roots in China's internal power shifts and a new course in

ideology, economic strategy and defence policies; In addition, the relaxation in international tensions as a result of détente in U.S. – Soviet relations, improvement of Sino-Soviet relations and Sino-U.S. relations also provided impetus for improvement in Sino-India relations. It was in this back drop that Rajiv Gandhi, the then Prime Minister of India made a landmark visit to China in December, 1988 to further Sino-India relations in a more dynamic and positive direction.

Fifth, in the post-cold war period, the relations between the two giants further matured and were advanced in diverse fields. Both the giants reoriented and refashioned their foreign policies towards each other due to the changing domestic and global, economic, political and strategic environment.

The most important change at the global strategic level was the end of the cold war and the disintegration of Soviet Union which drastically changed the global power-structure. The bi-polarity was replaced by uni-polarity with U.S. as the sole super power. In fact, it was a big challenge for both the states to reframe their foreign policies in such a hegemonic world order.

Another important factor in the post Cold War era which compelled both the states to come closer to each other and to leave aside their political issues was the economic factor. With a shift from geo-politics and geo-strategic to geo-economic, the economic dimension of international politics has become prominent with economic issues taking precedence over political ones. To take more and more benefits from such a changed global economic order which was controlled by the developed world, both the sides felt it imperative upon themselves to cooperate with each other. That is why, the ideology of non-alignment which was important detriment of India's foreign policy during the cold war era, has to be sacrificed. Moreover, at the internal level, the era of coalition politics had began especially after mid-1990s which affected India foreign policy-making in a number of ways e.g., under the coalition governments, the foreign policy could not find an adequate place on the priority basis, the frequent changes of government at the national level led

to the adhocism in the foreign policy-making. Further, the Indian economy was in a bad shape which made India vulnerable to external pulls and pressures. All these factors both internal and external compelled both the states to come closer to each other.

Sixth, though, India has restructured its foreign policy in a number of ways due to some internal and external factors, it has been unable to make a clear-cut response towards China that affects its security interests in a number of ways. It becomes clear from the fact that China has shown a remarkable consistency in its dealing with India but India has remained satisfactory only with one high level visit to another. There have been three major reasons for such a weak foreign policy in India vis-à-vis China.

- (a) Lack of strategic culture
- (b) Lack of institutionalization of Foreign policy;
- (c) Lack of power and capabilities.

The natural corollary of these three constraints in India's foreign policy have in fact impeded the evaluation of a long term China policy which has ultimately led to the confusion in Indian Foreign Policy-making. It is reflected by the way India has dealt with China in the past years. For example, though it seems overtly that Sino-India relations have improved a lot but it is not clear as to what strategic objectives India wants to achieve from this improvement.

For eliminating all these constraints in India's Foreign policy making, it is imperative upon India to advance, understand and study not only its own strategic culture but also the strategic traditions of other states especially of China so that a balanced and effective policy can be evolved regarding China. For the institutionalization of foreign policy, the National Security Council (NSC) should be made an effective and professional body to study the military, economic and political threats to the nation and to advice the government to meet these challenges in a coherent and systematic manner. In

addition, India should enhance its capabilities in various fields because it still lags behind China in a number of areas which are a main cause of weakness in India's Foreign Policy towards China.

Seventh, after a brief set-back to the Sino-India relations due to the India's nuclear tests in 1998, both the Asian giants entered 21st century with forging a cooperative partnership with each other. During this period, a number of high level visits were exchanged by both the states and thereby a number of important agreements were signed relating to promotion of trade and commerce and enhancing Confidence and Security Building Measures (CSBM).

Eighth, in spite of growing relationship in the 21st century between China and India, there are still some areas where the respective claims of both the states clash with each other and therefore, is a constant source of rivalry and competition between them; the most notable among them are:

(i) Border, Arunachal Pradesh and Tibet issues are the major factors of Sino-India unfriendly relations. Border issue is one of the most complicated issues between the two states. India still claims 43,180 square kilometres of Jammu and Kashmir occupied by China including 5,180 square kilometres ceded to China by Pakistan under a 1963 Sino-Pakistan Boundary agreement. Likewise, China claims 90,000 square kilometres of territory held by India in Arunachal Pradesh. Though the serious attempts were taken by both the sides to resolve the border problem with the agreements signed in 1993 and 1996 and more importantly in 2003 when both the sides appointed special representatives. Though these special representatives have held a number of talks to resolve the border issue, but so far no breakthrough has been achieved. The main reason has been that the unsettled border provides China the strategic leverage to keep India uncertain about its intentions and nervous about its capabilities and thereby ensuring India's good behaviour on issues of vital concern to China. Further, an unsettled boundary also suits Chinese

interests for the present because China's claim in Western Sector are complicated by the Indo - Pak dispute over Kashmir, and China's interest to keep India under strategic pressure on two fronts i.e. China and Pakistan.

Likewise, though India has officially recognized Tibet as a part of China, but at the popular level, there remains significant sympathy for the Tibetan cause within India. The presence of more than 1, 00,000 Tibetan refugees in India and India's continued willingness to provide shelter to the Dalai Lama is also a major source of irritation in Sino-Indian relations. In Arunachal Pradesh, China demands major territorial concessions in Twang area because Chinese claim it to be central to Tibetan Buddhism given that the Sixth Dalai Lama was born there. On the other side, India seeks the return of the Sacred Mount Kailash Man Sarovar in Tibet since it is a sacred place associated with the Hindu religion. Thus, border issue, is one of the prime cause of rivalry between China and India which needs a pacific resolution through bilateral dialogue so that both the countries can focus on the political and economic development of their respective countries.

(ii) Water issue is another important issue in the Sino-India relations which is closely related to border issue. The four main rivers such as Ma Cha Khabab, Lang Chen Khabab (Sutlej), Senge Khabab (Indus) and Tackok Khabab (Brahmaputra) which originates in Tibet and flows into India gives a strategic advantage to China because it is an upper riparian vis-à-vis India. This strategic advantage of China on water resources coupled with differing positions on Line of Actual Control (LAC) further complicates the water issues between the two states. The more and more complicating problem is that there exist no agreements between China and India relating to water resources. This problem gets more complicated in the absence of any international law on shared waters and when one such was attempted, China voted against the convention on the Law of the Non-Navigational Uses of International Water Resources in the UN General Assembly in 1997. Though India and China have entered into agreements in the recent past (2003) on

sharing of hydrological data for flood control, but Chinese have not been consistent in sharing of the information. China's plan of constructing big dams and diverting the water of rivers to its own advantage has created discontent in India. More recently, to build a number of water projects in the Tibet including a dam on Brahmaputra, Chinese scientists have completed a comprehensive satellite study of cross border Tibetan rivers determining their exact sources besides measuring the length of their drainage basins. Thus, in future, China is likely to use water as a tool to pressurize India and to extract concessions on boundary question.

Ninth, the two important countries that affects the Sino-Indian relations are, Pakistan and U.S.A. while Pakistan is an immediate one, with limited regional influence, the U.S. remains a long term one with global meanings. The inter connection of relations between China, India, U.S. and Pakistan, i.e., Indo-U.S., Sino-U.S., and Sino-Pak has a special bearing on the relationship between China and India.

China's unique relationship with Pakistan has been regarded by India as a part of China's strategy to contain India within the sub-continent. China continues to maintain close relations with Pakistan because of the combined strategic and political advantages, it receives from its relationship with Pakistan, e.g., China's desire to extend its influence into South and Central Asia in order to maintain a stable periphery; gain easy access to markets and natural resources and to maintain friendly relations with Muslim Countries for reducing the Islamic insurgency in Xinjiang province. Above all, Pakistan is the only country that can prevent the Indian hegemony, thus fulfilling a key strategic objective of China's South Asia Policy. Though China had adopted a neutral position over Kashmir issue, rather than siding with Pakistan, but China has not completely abandoned its traditional loyalty to Pakistan. China continues to use the Pakistan card in showing its displeasure over Indian behaviour. Moreover, China's offer to support Pakistan's civilian nuclear programme following the conclusion of the Indo-US civil nuclear programme

deal proves the fact that China continues its two track approach i.e. to engage India economically and also not to displease its historical partner (Pakistan). It is for these reasons that China continues to supply different types of arms and weapons to Pakistan. It is estimated that 80 percent of Pakistan military hardware, including 60 percent of military aircrafts has come from China. It is due to this whole sale transfer of weapons from China to Pakistan that K. Subrahmanyam, a noted defence analyst said that Islamabad derives its capabilities to threaten India from China. Thus, after Sino-India border issue, Pakistan is the major factor which continues to be a major source of irritation in the Sino-India relations.

Similarly, the USA as the sole super power plays an important role in the Sino-Indian relations. The US-China-India strategic triangle has been seriously taken by all the three countries. The U.S. plays a complex role in this strategic triangle and has a lot of influence on Sino-India relations. When one country tries to forge the close relations with USA, it increases the apprehensions in the other country. In such a confusing situation, US can play the Indian card in its dealings with China or can play the China card in developing its relations with India.

For India, it is possible to make use of US factor in dealing with China because both share the same challenge of a rising China to their respective dominance in the world and South Asia. China on the other side held the perception, that India by virtue of its geopolitical situation, naval capabilities and unresolved bilateral disputes with China is an ideal country for the United States to have it (India) on its side in the eventuality of any conflict with China. China still is not clear that whether India will side with US against China or join China and Russia for a multi-polar world order against the uni-polar world dominated by U.S. However, China views the US attempts to develop a strategic relations with India to contain China. In June 2005, India and US signed the New Framework for the US - India Defence Relationship paving the way for joint weapons production, cooperation on

missile defence and in other military fields. Due to China's growing dependence on oil imports particularly through the Indian Ocean, the Indo-US joint military cooperation in this area has become a particular source of concern for China. Further, China also expressed her discomfort over the Indo-US Civil Nuclear deal in March, 2006. In spite of such close and emerging warmth in the Indo-US relations, India is aware of the fact that the US and Chinese interests in their mutual relationship are more than that of India. This is the main reason that neither China nor US will be ready to oppose each other for India. However, if US adopts a policy of containment against China and recognizes India as its natural ally, the result would be a hostile relationship between China and India as well as between China and United States. It is in this respect that China's behaviour towards India is not much different from that of United States behaviour towards China for the simple reason that China is a status-quoist power with regard to India while the U.S. is a status quoist power with regard to China. In such a complex situation, India will maintain its strategic independence by following a multilayered approach combining both cooperation and competition with China in a way that serves its own unique political, economic and security interests.

Tenth, the rise of China and India in terms of economic growth and military build-up will have an inevitable regional implication. There are at least three sub-regions in Asia namely South Asia, South East Asia and Central Asia, where the economic, military, political and energy interests of both the state have met or will meet.

(i) So far as the South Asia is concerned, except Bangladesh, Sri Lanka and Maldives, China shares borders with the rest of all South Asian states. This geographical intimacy between China and South Asian states makes it a special area in the Chinese foreign policy considerations. The widening and deepening defence cooperation between China and India's immediate neighbours are perceived as encircling India. In this regard, Nepal,

Bangladesh, Bhutan and Sri Lanka which are perceived by India to be within its territorial sphere of influence, have deepened their ties with China. In these states, India exercises considerable influence in domestic politics and has always opposed outside power's involvement. It is in this context, that India has always seen itself as the prime power in South Asia and is not willing that China might also have some influence in South Asia while on the other side, China is rapidly strengthening its presence in the Indian Ocean and South Asia by building ports and military bases in Bangladesh, Sri Lanka, Pakistan and Burma. Though, China have been granted an observer status in the SAARC (South Asian Association for Regional Cooperation) during Dhaka Summit in November, 2005, still both are viewing at each other with suspicious motives concerning the region.

(ii) In the South East Asian region, there has been more competition between China and India due to their conflicting and overlapping interests. However, in this tussle between China and India to gain more and more strategic, economic and political influence in ASEAN (Association for South East Asian Nations) region, it must be noted here that China has more intimate relations with ASEAN than India. It is reflected from the gradual rise of trade between China and ASEAN which reached to US \$94.54 billion in 2004 making ASEAN China's fifth largest trading partner. Moreover, China and ASEAN are also cooperating with each other in wider regional organizations such as Asia Pacific Economic Cooperation (APEC), Council of Security Cooperation in Asia Pacific (CSCAP) and Asia Cooperation Dialogue (ACD). But at the same time, China does not want India to emerge as an equal competitor in South East Asia. That is why, India has on her own part started cultivating strong relations with Malaysia, Indonesia, Singapore, Thailand, etc. for rebalancing Chinese influence in the area. Thus, it can be said, that in the South East Asia both states have conflicting as well as overlapping interests with China having deep and strong links with ASEAN.

(iii) Likewise, in the central Asia, the relationship between China and India

are same as are in the South and South East Asia i.e., overlapping and divergent. The Central Asian region is mostly important for its geo-strategic location and natural resources. China shares the border with most of the Central Asian states. In order to enhance its influence in the Central Asian states, China initiated the Shanghai Cooperation organization (SCO). This regional forum provides broad perspectives for intimate cooperation between China and Central Asian states. This rapidly growing influence of China in the Central Asian region is of prime concern for India. Like South and South East Asia, in Central Asia also, China has an upper hand vis-a-vis India and it has become more pertinent with the establishment of SCO. It is important to note here that there have been two reasons for such a close and deep relationship between China and Central Asian States which India does not have:

- a) Close geographical proximity between China and Central Asian states;
- b) Chinese huge investments in the infrastructure development within these countries.

However, in recent years, India has also intensified its efforts to forge cooperative relationship with these countries. In future, there are chances of competition and also of cooperation in this part of the world as both India and China are major energy consumption countries, both of them will try to enhance their influence in this region more and more.

Eleventh, the energy (oil and gas) factor also assumes an important place in Sino-Indian relations because the sustained growth rate of their growing economies depends to a large extent on the uninterrupted supply of energy like oil and gas as both are major energy importer countries. However, in this field also, there has been competitive rather than cooperative interaction. The competition for oil assets have been witnessed in different parts of the world like Ecuador, Angola, Kazakhstan and in many other countries. As usual, China fared well also in this field also than India. The Chinese success has not been because it offered higher bid than India but because of its tactics and

above all its abilities to integrate financial incentives with aid, infrastructure projects, diplomatic incentives and arms packages. However, there have been some rare occasions when both the sides cooperated in this field also, e.g., Chinese and Indian Companies have cooperated in developing energy assets in Syria, Sudan, and Columbia, Iran and in many other countries. Nevertheless, it must be reiterated here that China's and India's energy interests does not completely converge. China is cooperating with India only in those areas where its interests can be best secured than by aligning with others (particularly with western companies). Furthermore, China will not like that India should become co-equal to it in the energy sector.

Therefore, in order to acquire and maintain energy resources from outside countries in a more coherent and systematic manner without coming into direct collusion with China, India should also maintain relations with energy exporting countries on the same line on which China maintains i.e., to invest into the infrastructure development like roads, railways, ports, mining, airports, electricity generation, so on and so forth. It will be more advantageous for the Indian interests in the long run.

Twelfth, the economic reforms in China in the late 1970s and in India during the initial years of 1990s and thereafter, fast growing economic growth rates of India and China compelled both the states to shun the political inhibitions and forge a more cooperative bilateral relationship especially in the field of trade and commerce. Moreover, with the end of cold war, geo-strategic and geo-political considerations were replaced by geo-economics factors which gave further impetus to Sino-India economic relations. Since then, both the countries have expedited the process of integration in the global economy as well as bilateral economic cooperation. In the beginning of 1990, bilateral trade between China and India was \$ 260 million which crossed the \$ 60 billion in 2010 and stood at \$ 61.74 billion. This makes China the third largest export market for India and its single source of imports. India's exports to China are mainly natural resources such as iron ore on the other

hand. China's exports to India are primarily electronic goods and other finished products. However, there have been some limitations in Sino-India trade, e.g.

- (i) The trade balance has been tilting consistently against India.
- (ii) The major hurdles in Sino-India trade are China's non-tariff barriers, language gap, lack of transparency in rules and smuggling of Chinese goods.
- (iii) There is also fear in India that the relatively cheaper Chinese goods might displace Indian goods in the international market due to their lower costs.
- (iv) The cooperation in the fields of China's hardware and manufacturing industries and India's software and service sector expertise which can boost the bilateral trade between the two, has been limited so far.
- (v) The only field in which India is ahead of China is the software and service sector but it is believed that due to the Chinese impressive record of export of hi-tech products, China may overtake that sector (software) also from India.
- (vi) Moreover, China has emerged as a major player in strategic and economic terms with its entry into the World Trade Organization (WTO) on December 11, 2001.

Thus, it becomes evident that since 1990's, Sino-India trade has made tremendous strides, but still there are some limitations in such an economic relationship which cannot be eliminated totally, nevertheless, their negative effects can be minimized. It can be asserted that though the trade related competition between the two giants cannot be ruled out in future but at the same time, economic sphere is the only sphere where there is more convergence of interests since both are developing countries with fast growing economies. This convergence of economic interests between the two

states can be exploited to create an environment conducive for solving more difficult bilateral political and other issues.

In the concluding remarks it can be observed that despite improvement, the Sino-India relations will remain competitive. Both will attempt to acquire the power and status which will be suitable to their population, geographical location, their country's size, etc. In addition, the rise of both the countries in the 21st century is likely to result in significant new geopolitical alignments. Moreover, the military strength and new economic prosperity of both the states will create new tensions as both will try to register their authority in different parts of the world.

It is in this context that in the short and medium term, neither side would do anything that would destabilize their current bilateral economic or other relations, but in the long-term, there is possibility of confrontation and even conflict between the two Asian giants over a number of issues ranging from border issue to encirclement policies.

However, the nature and extent of their rivalry is likely to be determined by how domestic, political and economic developments in these two countries affect their power, their perceptions, their attitudes and above all their security policies. Till then, both the states would like to maintain the status quo, focusing on their economic, political, military and strategic development and keep the competition and rivalry as flexible and unprovokable as possible in future.



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TO WHOM IT MAY CONCERN

This is to certify that the **Master of Philosophy (M.Phil.)** dissertation of **Mr. Mehraj Ud Din Gojree** on **“Sino - Indian Relations: 1996-2009”** is his original work and has been carried out under my supervision. The dissertation is fit for submission for the award of Master of Philosophy degree in Political Science.

A handwritten signature in black ink, appearing to be 'M. Haque'.

(Dr. Mohammad Mohibul Haque)
(Supervisor)

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PREFACE

PREFACE

This dissertation deals with Sino-Indian relations during the period 1996-2009. The period from 1996-2009 is important because during the early and mid-nineties, foreign policies of both the States underwent drastic changes at the internal as well as external levels. At the internal level, in India, an era of coalition politics had begun which affected Indian foreign policy-making in a number of ways e.g., under the coalition governments, the foreign policy could not find adequate place on the priority basis. The frequent changes of governments at the national level led to the adhocism in the foreign policy making. Moreover, in the early 1990's, Indian economy was in a bad shape which made India vulnerable to external pulls and pressures. In case of China, the economic reforms started by Deng Xiaoping in the late 1970's and thereafter, the fast growing economy compelled it to forge new relationships with its neighbours. For its peaceful rise, it required peaceful environment. However, the seeds of rapprochement between China and India were sown in 1988 with the Indian Prime Minister Rajeev Gandhi's landmark visit to China.

Likewise, the changes in external environment also compelled both the states to come closer to each other. The most important change in the external environment was the end of cold war and the disintegration of the Soviet Union. The changed world power structure was another challenge faced by both the states because hegemony emerged as a dominant feature of the newly emerged world order. In addition, with a shift from geo-politics and geo-strategic to geo-economics, the economic dimension of international politics had become prominent with economic issues taking precedence over political one's. Thus, all the internal and external developments which were taking place during the early and mid-nineties, made it necessary for both the States to set aside their political issues and come closer to forge cooperative bilateral relations especially in economic. Since, then, despite many ups and downs, the normalisation of Sino-India relations had made a tremendous progress. It is in the backdrop of above mentioned developments, that the

periodization for this study has been delimited from 1996 onwards.

The present study assesses and analyses Sino-India relations on the basis of available primary and secondary sources. The data collected are collated, analysed and used for arriving at conclusions in an objective way.

For a clear and objective understanding of any subject, paucity of authentic information is the major hurdle. Being a communist country with single party system, the People's Republic of China has been highly secretive on its defence and foreign policy decision making. This study has, therefore, used data on Chinese diplomatic thinking and practice to the extent they are available in India in the form of publications, writings, articles and through interviews and interactions with the experts in the relevant field. Information available has been supplemented by relevant data and subsequently analysed in order to secure a better understanding of issues and events.

Thus, a sincere attempt has been made to weave the diverse thread of available material in a systematic and coherent fabric. The facts have been scrupulously studied and presented with a sense of objectivity.

This study is divided into six chapters including the Introduction and the Conclusion.

Chapter I deal with the general introduction and the significance of Sino-India relations in 21st century, it has been discussed at length that despite the undercurrent suspicion and distrust, the cooperative and friendly relations are necessary for the peaceful rise of both the giants.

Chapter II briefly analyses the historical background of Sino-India relations. Though scope of this study is restricted to the time period (1996-2009), but various issues like border dispute, Tibet issue, etc. cannot be understood fully without taking recourse to history. Thus, the aim of this chapter has been chiefly to supplement the present study and not vice-versa.

Chapter III seeks to analyse the principles of Foreign policy of both the states and their actual applicability towards each other. Besides, some limitations in India's Foreign Policy making vis-à-vis China have also been highlighted.

Chapter IV discusses various areas or fields where there is a lot of competition and divergence of interests and also those areas where there is possibility of cooperation due to the convergence of interests between both the states.

Chapter V seeks to assess the future prospects of Sino-India relations in the light of preceding analyses and observations.

Chapter VI is the concluding part which also highlights the main findings of this study. It ends with the note that the economic cooperation can be explored by both the states to mitigate their political issues.

First of all, I thank Almighty without Whose blessings this work would have remained an unaccomplished task.

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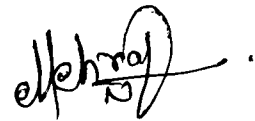
My special thanks are due to my parents (Abdul Rehman Gojree and Jameela Begum), brother (Riyaz Ahmad), sisters (Rehana, Refat & Muskan) and little Riyan for the encouragement given and blessings bestowed upon me. The cherished memories of my beloved sister, Late Rohi Jan have always remained with me throughout the study.

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I hope and trust this dissertation makes a substantive and original contribution to a study of Sino-Indian Relations.

Aligarh



Mehraj Ud Din Gojree

CHAPTER-I

INTRODUCTION

Chapter - I

INTRODUCTION

This study analyses and examines the various aspects of Sino-Indian relationship over the period 1996-2009. It emphasizes that despite various irritants and problems in the Sino-Indian relations, there is a desire among both the giants to promote their relationship in diverse fields particularly in economics. It further explores how both the countries could together play a leading role in shaping the 21st century as an 'Asian Century' and reshape the global political and economic order to their advantage.

Starting from a brief historical background of Sino-India relationship from 1949 till 1996, the study takes into account the analysis of foreign policy principles of both the states and then their applicability towards each other. It analyses how the internal and external factors after the collapse of Soviet Union, compelled both the powers to reorient and refashion their foreign policies towards each other. Moreover, some limitations in India's foreign policy towards China have also been highlighted. Further, the study takes into account the background and interests of cooperation and then underlying causes for the rivalry between the two states, which is extended to contemporary period, so as to comprehend how the most recent events (e.g. India's nuclear tests of 1998 and the recent Indo-US Civil nuclear agreement) have affected the bilateral relationship between China and India. Besides, regional, energy, economic and other factors, the impact of two important actors (states) – Pakistan and United States is also taken into account.

After discussing both the areas of cooperation and competition, the future prospects of Sino-Indian relations have been discussed in the light of preceding analysis. It ends with the note that though there is still a lot of divergence of interests between the two giants on a number of issues such as border issues, Tibet issue, Sino-Pak nexus, China's encirclement policy, growing Indo-US strategic cooperation, military build up of both the states,

competition for energy resources and new markets, etc., yet the two will cooperate with each other keeping their rivalry and competition as flexible and limited as possible. It is due to the fact that both the states want to emerge as major powers in the 21st century and for that purpose, the peaceful environment around their borders and friendly and cooperative relationship with each other is widely perceived as necessary. It is also realised and acknowledged that with the dawn of 21st century, the global political architecture is undergoing a transformation with power increasingly shifting from west to east¹ and this new century will be an Asian Century. Hence in this new century, the relationship between the two Asiatic Giants – namely, China and India will be of crucial importance.

Asia is one of the largest continents in the world both in terms of population and territory. Out of the total world population i.e., 6,962,500,000, Asia has 3,879,000,000 which constitute 55.71% of the world population and out of the total land area of all the continents i.e., 148,647,000 square kilometres, Asia has the 43,820,000 square kilometres which constitutes 29.54 percent of the total land mass². All these facts make Asia as one of the most populous and largest continent of the world. Furthermore, it is characterised by extra-ordinary diversity in terms of religion, race, ethnicity and culture. Whether it is Central Asia and South East Asia, South Asia or West Asia, all possesses distinctive characteristics that separate them from one another. However, in spite of these diversities, Asia has civilisational commonalities that enable it to seek unity in diversity.

The slow and gradual rise of Asia at the world stage can be discerned from the fact that in 1940, Asia accounted for 60 per cent of world's population and 19 percent of world's Gross Domestic Products (GDP). This changed to 57 percent of the world's population and 37 percent of world's GDP by 1995. Now it is estimated that the Asian population will account for 55 percent of the world population and Asian GDP will increase to 57 percent of the global GDP by 2025³. In addition, Asia accounts for the world's largest energy resources be it oil, natural gas, or hydrocarbons. The world's fastest growing economics and markets are also found in Asia.

It is evident, therefore, that the fulcrum of political and economic activity is shifting towards Asia and away from the traditional centres of North America and Europe⁴

In the Asian Continent, China and India occupy a pre-eminent position due to their strategic, economic, political and demographic position. Both the giants together comprise 36.62 percent (India 17.38 and China 19.24) of the world population⁵ their combined area is 8.64 percent (India 2.2 and China 5.2) of the total land area of the world. They have the two fastest growing economies in the world GDP and it is estimated that their share might exceed 20 percent by 2025. It is in this backdrop that the America's National Intelligence Council (NIC) report on emerging global trends, indicated that by 2015, international community will have to confront the military, political and economic dimensions of the rise of China and India⁶ Further in December 2004, the report of NIC argued that the rise of both China and India could be compared to the uniting of Germany in the nineteenth century and the advent of a powerful United States in the early twentieth Century, with a similar potential to transform the global landscape with impacts potentially as dramatic as those in the previous centuries⁷ Thus, the congruence and cooperation between the policies of these two states would make a formidable combination in the emergence of 21st century as an 'Asian Century'.

Back to pre-independence period, the leadership of Indian National Movement visualised an active role for India in Asian affairs. It was conscious of the need for a wider Asian unity in building a new Asia after the overthrow of colonial powers. At the 1922 annual session of the congress, C.R. Das urged Indian participation in an Asian Federation, which he regarded as inevitable⁸. The talk of Asian Federation was again heard at the Congress sessions in 1926 and 1928.

It was after the attainment of freedom from the British that India under the leadership of Jawaharlal Nehru began to pay attention towards the problems facing the developing countries especially the newly emerging

countries of Asia. For that purpose, he initiated a number of measures for ensuring peace and security in Asia. That is why; Nehru stressed the need for Asian Unity and announced the arrival of Asia on the world stage at the Asian Relations Conference (Delhi), on the eve of Independence. While in Paris (1948), addressing the UN General Assembly, Nehru declared "The world is something bigger than Europe Asia counts in world affairs. Tomorrow it will count much more than today".⁹

However, since then the political situation in the world has changed a lot. Although cold war has come to an end, but instead of multipolarity, there is the growing dominance of the sole super power (USA) and its interference in other state's internal affairs in the name of "War on Terror" and "Promoting Democracy"¹⁰. The political developments in Iraq, Afghanistan and more recently in Libya after the overthrow of their established regimes are the glaring examples in this direction. Likewise, the United Nations which was established to promote international peace and security in an impartial and effective manner, has become a tool in the hands of some powerful nations to further their own interests rather than the common interests of the world community. Moreover, the issues like human rights, climate change, proliferation of nuclear weapons, etc. are some other instruments which are frequently applied by the Western Countries against the non-cooperating or against those states who try to act independently. In addition, globalisation instead of benefiting the poor countries is generating more and more problems for them. Unfavourable trade practices and unequal trade agreements are putting the developing countries in a more disadvantageous position in a globalized world order.¹¹

It is against this backdrop that the present study investigates into the problems and prospects of cooperative and friendly relations between the two Asian giants - China and India for ushering a new world order based on equality and justice and for democratising the international system.

Sino-India Relations: A theoretical Perspective

Though Sino-Indian relations have made tremendous improvements since the last two decades, but there is still undercurrent of mistrust, suspicion, rivalry, competition and even hostility between the two Asian giants. This sort of mixed interactions between the two states makes the Sino-Indian relations a complex one. Here, three theoretical frameworks namely Structural Realism or Neo- Realism, Economic Interdependence, and Security Dilemma can be applied to study and understand Sino-Indian relations. Let us first see what sort of relations between China and India have or will emerge under the structural framework.

The proponents of realist school held that power is the currency of international politics. Major Powers, which are the main actors in the realist view, pay a very careful attention to how much economic and military power they have relative to each other. It is important not only to have a substantial amount of power but also to make sure that no other actor (state) sharply shifts the balance of power in its favour. According to classical realists especially Hans J. Morgenthau, states are always led by individuals (human nature) who always tries to dominate their rivals¹². The instinct of power among individual is too strong to be eliminated.

However, structural realists or neo-realists, on the other side argue that it is the structure or the architecture of the international system that forces the states to pursue power. In a system where there is no higher authority that can guarantee the security of all states or where there is no guarantee that one state will not attack another, each actor (state) tries to be powerful to protect itself if any other state attacks it. Moreover, they (structural realists) do not give any importance to regime type, mainly because the international system creates the same basic incentives for all major actors whether they are democrats or communists. However, the structural realists do not hold the same view regarding how much power is enough for a major state. Thus, according to defensive realist like Kenneth Waltz¹³, it is unwise for states to maximise their share of world power because there are other actors

who will check that state from gaining disproportionate power. On the other side, offensive realist like John Mearsheimer¹⁴ take the opposite view and argues that states always desire to gain as much power as possible and if circumstances are right, to pursue hegemony. The argument is not that conquest or domination is good or right, but instead that having overwhelming power is the best way to ensure one's own survival. That is why, for classical Realists like Morgenthau, power is an end in itself and for neo-realists or structural realists, power is a means to an end and the ultimate end is survival.

China's rise and its implications for its neighbours especially India- through Realist Perspective.¹⁵

Regarding the potential of China, Napoleon Bonaparte once described China as a sleeping giant.¹⁶ Today China has come a long way and has emerged as one of the formidable powers in Asia and the world. China's rising military and economic power is a cause of concern not only among its neighbours particularly India and South East Asian states but even for the world's only super power USA.¹⁷ In this context some realist theorists predict that China's rise will lead to serious instability while other argue that a powerful China can have relatively peaceful relations with its neighbours.

In accordance with the realist version as discussed earlier, the ultimate goal of the great powers is to gain hegemony because that is the best guarantor. However, in practice, it is almost impossible for any actor (state) to achieve global hegemony because it is too hard to sustain power on distinct lands. That is why the best alternative is to establish a regional hegemony, which implies dominating one's own geographical area. Regional hegemons do not want peer competitors. Instead, they want to keep other regions divided among several major states that will then compete with each other and not be in a position to focus on them. According to this version, a rising China will attempt to become a regional power in Asia. For that purpose, it will maximise the power gap between itself and its neighbours especially India, Japan and Russia. Moreover, it will try to make itself, so powerful that no state in Asia can challenge it. Such a situation would, surely be alarming

for China's neighbours who will do whatever they can to prevent it (China) from achieving regional hegemony. In fact, countries like India, Japan, Russia and some other Asian Tigers are worried about China's ascendancy and are looking for ways to contain it and there is likelihood that they will join U.S. led balancing coalition to check China's rise.

In contrast to offensive realism, defensive realism offers more optimistic picture about China's rise. Though the defensive realists recognise that the security competition will not disappear altogether from Asia as China grows more and more powerful, but they argue that such a security competition surrounding China's rise will not be intense and that China should be able to co-exist peacefully with its neighbours. Moreover, the presence of nuclear weapons is another cause of optimism. India, Russia and U.S.A.¹⁸ all have nuclear arsenals and it will not be easy for China to be aggressive against its neighbour or resort to force. Further, it is difficult to realise that what China will gain by conquering other Asian states. In this regard, the defensive realist point-out that China's economy has been growing at an impressive pace without foreign adventures.

Thus, in the end, it can be argued that there is no consensus among structural realists about whether China can rise peacefully without threatening its neighbours or not. The only important point on which both the sides agree is that the structure of international system forces great powers to compete among themselves for power.

Finally in this study, an attempt has been made to highlight different areas, regions and fields in which both the Asian Giants - China and India, will and are competing with each other to gain more and more influence, power and strategic importance relative to each other in accordance with the above discussed Structural Realist Rules. Again, cooperation in some other arenas can not be ruled-out between the two giants.

Economic Relations between China and India in a Theoretical Perspective

The idea of trade and economic relations between nations being conducive to international peace can be found in the writings of English thinkers like John Stuart Mill and Jeremy Bentham. In the modern times, liberal theorists view the gradual erosion of 'high politics' such as formal state to state diplomacy in favour of 'low politics'¹⁹. In such a situation, nation-states are caught in a web of 'complex interdependence'²⁰ where conventional representations of state power have lost much of their former relevance. Accordingly, the proponents of liberalism would assert that these new economic ties would ultimately lead to the peaceful relations among nations.

Realising that India and China have made tremendous progress in the field of trade, which stood more than \$ 60 billion in 2010,²¹ the proponents of liberal economic interdependence theory argue that the two states linked by strong bilateral trade would prefer to stay at peace rather than resort to conflict so as to guarantee their continued strong economic links. In spite of that, direct applications of the 'economic interdependence theory' have certain limitations in case of India and China due to the following reasons.

Firstly, the two states are not mutually dependent. In spite of surge in Sino-India trade in recent years, India is a secondary source of commerce for China when compared with USA, European Union and Japan.

Secondly, the trade relations between the two states is profoundly unbalanced.²²

Thirdly, Indian exports to China are mainly raw materials like iron ore. The Chinese on the other side have flooded the Indian markets with hi-tech and cheap finished products.

Fourthly, one more important point to note is that liberal economic theory believes in the interconnectedness of political and economic aspects, i.e., economic incentives can lead to reduction of political hostility, but this liberal principle does not hold strong ground in case of China. This can be discerned from the fact that despite China's trade with India, Japan and

Taiwan have substantially grown over the past few years, but the political issues between China and these states are intact and often remain volatile.

The underlying assumption of the liberal version of international economy is harmony of interests at the economic level. The aim of economic activity is described as the maximisation of collective wealth, however, as John Stuart Mill pointed out in "Principles of Political Economy", the harmony of interests at the economic level is effective only if there is a symmetrical interdependence among states but as economic power is not equally distributed among them, this harmony is difficult to built.²³ In case of Sino-India relations, the balance of power is favourably tilted towards China vis-à-vis India – economically, politically, strategically and even militarily. In this context, it might not be consistent to assume that free trade between the two states will promote harmony of interests. Keeping in view this theoretical background, an argument has been put forward in this study that India should make its position strong vis-à-vis China. It should enhance its military, political, economic and human resource power so that any cooperation or interaction in any field whether political or economic would be interdependent in nature, which is the best guarantee for the peaceful rise of both the states. In this regard, Alka Acharya argues that though there is, as yet no 'Complex Interdependence' between China and India, both appear to have embarked on this path and ultimately when the relationship between the two states based on economic interdependence will be final, it would serve as a mitigating factor in Sino-Indian relations.²⁴

Security Dilemma in Sino-India Relations

The security dilemma is a concept in international relations theory according to which the means by which one state seeks to increase its security have the unintended effect of decreasing the security of another state, which in turn, makes a similar response having a similar effect leading to a cycle of competitive moves that in the worst case result in conflict.²⁵ More generally, a security dilemma arises out of the anarchic nature of the international system. In the absence of a common and superior power, which can protect it, each

state tries to maintain its own security for its survival and existence. Faced with the great responsibility, state try to expand their power- economically, politically, militarily and strategically, so as to defend them should the need arise.²⁶ However, by increasing their own power in this way they may make their neighbours less secure. This compels those neighbours to take counter-measures to enhance their own power. Thus, a common search for security creates a situation in which both powers feel less secure. For example, the weapons that a state can use for their own self-protection, potentially or actually threaten to harm others²⁷.

Since the inception of the People's Republic of China and the Republic of India, on the world stage in 1949 and 1947 respectively, both the states have been forging relations with other powers regional or otherwise, to increase their security perceptions. After the Indo-Pak war in 1965 and in 1971, Sino-Pak cordial entente came into existence. This Sino-Pak nexus alarmed the Indian security perceptions which compelled her to lean towards Soviet Union and which ultimately led to the Indo-Soviet Friendship and Peace Treaty in 1971. Both the sides realised that their bilateral relationship was increasingly sensitive to their relationship with other major powers. During and after the cold war, both the giants used their relationship with the U.S.A. to gain strategic advantage over the other. That is the main reason, when one state tries to forge the close relations with U.S.A. it tremendously increases the security apprehensions in the other country. It can be illustrated from the fact that the growing relations between China and U.S. after the end of cold war, increased apprehensions among India and about the prospect of a Sino-American Joint hegemony over the Sub-Continent. On the other hand, warming relations between India and U.S. in the recent years have raised apprehensions in China about India joining the American containment plan against China. Thus, the fear of hostile strategic alignments by the other has gained ground in both the states and laid the basis for what international relations theorists call the "Security Dilemma"²⁸. What one nation sees as a necessary step in protecting its own interests be it upgrading their weapons, building infrastructure along the Sino-India border, gain access to new

markets or regional organisations like Association for South East Nations (ASEAN), South Asian Association for Regional Cooperation (SAARC) and other organisations, building strategic relations with other countries like U.S.A., Japan and Pakistan, are seen by other as an aggressive move to undermine its position. The Security Dilemma, thus, sets-off the two mutually suspicious nations on an ever escalating competition resulting in reducing security for both. It is under these theoretical perspectives that some analysts predict in Asia a coming battle for supremacy between India and China.²⁹ They maintain that the overlapping areas of influence between China and India and the determination of both the countries to emerge as major powers on the world stage, will ultimately result into the open conflict between the two giants.

It cannot be refuted that there are divergence of interests between the two states. They have been wary at each other since 1962. However, the nature of their rivalry is different today as compared to pre-cold war period. Today, rising China and emerging India are more powerful nations, have wide ranging interests, are driven by strongest nationalist impulse with high economic growth rates. They have repeatedly found themselves at odds in reshaping regional and global international institutions. India has been wary of China's increasing influence in the South Asian Association Regional Cooperation (SAARC). While as China has sought to limit India's role in East Asian institutions, both have clashed over the reform of global nuclear regime and UN Security Council.³⁰ India watches China carefully and keeps a close watch on China's military assistance to Pakistan. China has also its own concern e.g., India's hosting of the Tibetan government in exile. Both the countries pay careful attention to each other's military developments, whether nuclear capabilities, planned blue water navies, missile tests or the exercises of troops along their common border.³¹

Thus, it becomes clear that these three theoretical frameworks do not provide an optimistic or bright picture of Sino-Indian relations. However, in spite of all these facts, the civilisational and cultural links between the two countries provide India and China with the foundation to build a strong

relationship. Besides, the present global economic drive has made it essential for both the states to look afresh at each other as friends and cooperate with each other in order to address varied problems at the bilateral, regional and global level. Hence in the contemporary international scenario, they can not afford any potential confrontation which may upset their economic development and their ambitions of big power status. Within these parameters, substantial measure of success has been achieved by now in the endeavour to establish mutual understanding. The two countries have been successful in maintaining relative peace and tranquillity along the Sino-India border though there are material differences in perception regarding the exact demarcation of boundary. Moreover, Sino-India relations have been diversified in various other fields and a series of dialogue mechanisms are in place including on subjects such as counter terrorism, security issues, and joint stand on global issues. High level visits are also being exchanged regularly. However, the fact that Sino-India relation today seem to be better than at any time during the last four decades, should not lead one to assume that all hurdles in the relationship have been overcome. Despite improvement in Sino-Indian relations, an under-current of mutual mistrust continues to haunt Sino-India relations due to various facts as discussed in the preceding page. It can be asserted that the Sino-Indian current relations are complex where competition and cooperation, suspicion and trust, friendliness and rivalry co-exist side by side.

If the rivalry culminates in war, it is bound to diminish both China and India. Thus, the big question is whether the two can manage their rivalry by keeping it limited and peaceful. Without, the wisdom to do so both will find it difficult to realise their larger global aspirations.

In the 21st century, as both the giants will emerge as the great powers, both have the responsibility to reshape the world in a more positive and equitable manner. In future, both the states will play an important role in framing the international rules (the current international negotiations on global warming are main example in this regard). It will be even more evident in the future, as China and India position themselves at the top of global

power hierarchy, peaceful co-existence and deeper bilateral cooperation between China and India, are then the primary pre-conditions for stable and sustainable world order in the 21st century and most importantly for the 21st century itself, to be regarded as an 'Asian century'.

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17. Ibid.
18. Though the U.S.A. is not geographically a part of Asia, but as it is the Sole Super in the world, it has a lot at stakes in Asia which make it an important actor and contender in Asia.
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CHAPTER-II

SINO-INDIA RELATIONS: A HISTORICAL OVERVIEW

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SINO-INDIA RELATIONS: A HISTORICAL OVERVIEW

Pre-Independence Era

Sino-Indian relations or China-India relations, for the purpose of this study imply the relationship between the People's Republic of China and the Republic of India. Both the giants of Asia are two of the oldest and living civilizations of the world. They have religious, cultural and trading links dating back to 2500 years. Their interaction was a two way traffic and the two elements of this exchange were material and spiritual, which were mainly facilitated by the central Asian route which is also known as the 'Silk Route'.¹

In the sphere of material exchange, India supplied the trade items such as corals, pearls, glass and fragrances while silk was the major item transported from China to India. Besides material exchanges, it was the spiritual linkage (primarily based on Buddhism) that altogether transformed the relationship between the two ancient civilizations. During this period, many Chinese pilgrims visited India and also some Indian pilgrims visited China. The most noteworthy among the Chinese pilgrims were Fa-Hien (399-414 A.D.), Yuan Chwang (630-643 A.D.) and I- Tsing (671-695 A.D.) Among the Indian Scholars who went to China were Kumarajiva (401 A.D.) Guna Verma (431 A.D.) and Dharmagupta (590 A.D.)². These spiritual visits from India to China and from China to India enhanced and strengthened mutual understanding, which acted as a means in modern history of China and India for extending mutual help and understanding to each other's peoples during their respective liberation struggles.

Though, these material and spiritual interaction between the two civilizations continued during the first few centuries of the Christian era, the process ceased after about tenth century A.D. Since then, both the states lived

as if they were unaware of each other's existence for over a thousand years, until about the advent of nineteenth century when both came under the influence of European powers. After that, India was totally colonised by the British and China was slowly and gradually transformed into semi-colonial society. Though the colonialism did not completely turn off the centuries old relationship between China and India but made its pace slow and sluggish. However because of their long association and having suffered the same fate, they extended moral support and sympathy to each other in their respective anti-imperialist struggle. They became natural allies and devised various ways to push the imperialist out of their countries.

Jawaharlal Nehru based his vision of 'Resurgent Asia' on friendship between the two largest states of Asia. He was aware of the fact that after the liberation of both the states from the Western clutches, the tremendous potential of economic cooperation would necessarily bring India and China closer to each other and politically too, the two would play an important role in world affairs. However, after the end of the War, China plunged into Civil War between ruling Kuomintang (KMT) and the Chinese Communists. The well armed KMT army was backed by the Americans, but in spite of that the Communists eventually, on 01 October, 1949 defeated the Kuomintang regime and came to power in China. In pre-Communist China, India had established very cordial relations with KMT government especially after 1939 when Jawaharlal Nehru visited China. However, after the Communist establishment in China, Nehru was convinced that public opinion in India was against KMT and lending support to it, would not be favoured in India. Thus respecting the victory of Communist party of China (CPC) over KMT, India recognized the People's Republic of China (PRC) as the legitimate government of China on April 1, 1950. On this occasion Nehru remarked, "When it was clear that the new Chinese government was in possession of entire mainland of China, when it was quite clear that there was no force which was likely to supplant it or push it away, we offered recognition to this new government and suggested that we might exchange diplomatic

missions"³. After Burma, India was the second non-Communist country to recognize the new People's Republic of China.

Post-Independent Era

After their independence, India in 1947 and China in 1949, both initiated the process of nation-building. They adopted different models of development as their political systems were not similar. India adopted the path of parliamentary democracy, mixed model of economy and non-alignment, while as China followed one party rule of communism, state-controlled economy and joined the communist camp of Soviet Union⁴. However, the difference in their political systems did not hinder in any way the growing friendly relations between the two states.

In 1948, India established diplomatic relations with China. The first Prime Minister of independent of India, Jawaharlal Nehru, viewed Indian independence and the Chinese revolution as parallel expressions of new and resurgent Asian nationalism and thereby visualized that in new Asia, China and India were destined to play a vital and competitive leadership roles. He therefore, wanted the two nations to be friendly to each other. In this regard, India adopted several positive postures towards China such as India's efforts for localizing the conflict in Korea, its advocacy of China's entry into the United Nations and its consistent support to China on the question of integration of Taiwan. All these moves, on the part of India were highly appreciated by the Chinese. These developments helped in the enhancement of friendly relations between India and China which led to the exchange of state visits by the Prime Ministers of the two nations. Jawaharlal Nehru visited China twice in 1954 and in 1956 and the Chinese Premier Zhou Enlai paid four visits⁵ to India between June 1954 and January 1957⁶.

Tibet Issue

The issue of Tibet has been a major irritant in the cordial relations between India and China. In fact, it is a British legacy that led to the stress and strain in the friendly relations between the two states even after their

independence. Back to pre-independence period, the British India recognized the Chinese suzerainty over Tibet subject to internal autonomy and British presence in Tibet. Naturally, after independence India inherited from the British the political and economic rights in Tibet. In line with the British, India also acknowledged Chinese suzerainty over Tibet, but subject to Tibet's status as an autonomous unit.

On the other side, all Chinese leaders from Kuomintang nationalists to Communists regarded Tibet as an integral part of China. Tibetan liberation became the most important issue on the agenda of liberating the Chinese territories lost in the past. To this effect, the Chinese leadership enunciated the "Five Finger Theory", that Tibet is China's Palm and Nepal, Bhutan, Sikkim and NFEA are its five figures⁷. Thus the Chinese leadership declared that liberation of Tibet was one of the basic tasks of the PLA. Finally on October 7, 1950 the People's Liberation Army (PLA) entered Tibet contrary to the mutual understanding between India and China over Tibet. The Indian government sent a special note to China expressing its shock and regret over the decision to liberate Tibet by force. India argued that the Tibet problem should be resolved by peaceful negotiations and the legitimate Tibetan claim to autonomy within the framework of Chinese suzerainty. However, China regarded it as an Indian interference into its internal affairs and stated that Tibet is an integral part of China besides the problem of Tibet is entirely a domestic problem. In this regard, India maintained that it had accepted Tibet as a part of China and that Dalai Lama was being treated in India as head of religion, the Chinese continued to suspect India's bona fides. Chinese representatives in UN openly stated that it was India that provoked the revolt in Tibet which led to the exodus of Dalai Lama as well as several thousand refugees from their country. They were given shelter and treated as government in exile⁸. However, India while accepting Chinese suzerainty in Tibet made it clear that she had no territorial and political ambitions in Tibet. India was particularly concerned about Tibetan autonomy and certain Indian commercial and cultural rights inherited from historical usages, traditions

and agreements.

There was a great demand from several quarters in India particularly from the public that India should change its policy towards China, but its policy of peaceful settlement of differences with China did not change. Jawaharlal Nehru was of the view that militarily weak India could do nothing other than accept the *fait accompli* in Tibet. In this way Tibet fell completely into the hands of Communist China. It was left with no other choice than to negotiate on Chinese terms. In order to live peacefully under Chinese suzerainty, Tibet found it necessary to develop friendly relations with China and accordingly signed the 'Sino-Tibetan Seventeen Points Agreement'⁹ in 1951. By this agreement, the Tibetans lost the virtual *de facto* independent status. Though this Treaty brought Tibet into Chinese fold, but it also guaranteed Tibet's regional autonomy.

The occupation of Tibet by the China had far-reaching implications on Sino-Indian relations. The two nations were now face-to-face in the Himalayas with the disappearance of Tibet as a Buffer State. After Tibet ceased to act as buffer state between China and India, their problems began to take shape. This was because the Tibetan borders became an issue directly between the Chinese and Indian governments and this enhanced the security perception of India regarding its northern frontiers.

"India-China Agreement on Trade and Intercourse" (1954) or Panchsheel

The beginning of a new phase in Sino-India relations was initiated with the signing of the Sino-Indian Agreement on Trade and Intercourse between India and the Tibet Region of China on 29 April, 1954. Article I of the Agreement provided for the establishment of Chinese Trade Agencies in New Delhi, Kalimpong and Calcutta, while India was to have its Trade agencies in Yatung, Gyantse and Gartok¹⁰. With the signing of this Agreement, India renounced the traditional position it had enjoyed in Tibet as inheritor in British Treaty rights. Moreover, as per the Preamble to the

Agreement the two states have resolved to enter the present Agreement based on the following Principles: ¹¹

- (a) mutual respect for each other's territorial integrity and sovereignty;
- (b) mutual non-aggression;
- (c) mutual non-interference in each other's internal affairs;
- (d) equality and mutual benefit and
- (e) Peaceful co-existence.

The agreement was regarded as the most important step by India towards world peace and mainly between China and India. Thus, while suggesting the incorporation of Panchsheel in the Preamble of the India-China Agreement, Nehru contemplated that this would ensure peace and friendship between India and China as the latter would abide by the principles which have been authored by its Prime Minister Zhou Enlai. He was hopeful of its positive impact on the political environment of Asia and thought that the implementation of Panchsheel would generate peace in the region.

Although this treaty was regarded as the landmark in strengthening the mutual relationship between the two nations, there were also some critics of it. Nehru's faith and trust in China made him face severe opposition in the Parliament which was extremely critical about the clause related to Tibet. While criticizing Nehru in the Parliament on 15th May 1954, Acharya Kripalani who was opposition deputy said, "China has demolished a Buffer state; in international politics when a buffer state is abolished by a powerful nation that nation is considered to have aggressive designs on its neighbors."¹² He was particularly referring to the conceding of Chinese claims over Tibet. Through this Agreement, India has recognized Chinese suzerainty over Tibet. Nevertheless, the general reaction in India to the new pact was favourable. In this regard, Nehru said, we have done no better thing than this since we became independent. Subsequently, bi-lateral relations

between India and China were marked by the Hindi-Chini Bhai-Bhai (Indians and Chinese are brothers) phase till it rapidly deteriorated from late fifties.

Deterioration of Relations

(a) Tibet Uprising

China's imposition of centralized state structure provoked a Tibetan national uprising in 1959. The Sino-Tibetan Agreement of May 23, 1951 had included Tibet into the 'big family of motherland'- The People's Republic of China¹³. The Treaty however, granted Tibet regional autonomy and continuation of existing political system. However, China soon after tightening its grip over Tibet step by step eliminated Indian influence from Tibet. All these developments have a direct bearing on India's political interests. Apart from close cultural contacts between the Indian people and Tibetan people, India has also inherited, as a successor state, certain political and economic rights in Tibet from the British Indian government. The Indian sympathy towards Tibet and the political asylum to Dalai Lama and his followers (nearly ten thousand) bewildered China. Indian public was very much concerned about the Chinese denial of autonomy and repressive military measures against the Tibetans. China responded with an extreme anger and started taking anti-India moves both at regional as well as international level. The Indian traders and nationals in Tibet were also harassed. China initiated a steady build-up of army in Tibet. India's relations with China deteriorated further when the later crushed the Tibetan uprising.

(b) Boundary Dispute

It was on January 23, 1959 that Mr. Chou Enlai, in a letter to Mr. Nehru, for the first, questioned the established boundary between India and China.¹⁴ Further, it was on September 1959, the Government of China, for the first time, laid a formal claim to 50,000 square miles of Indian territory in the Ladakh and in North-East Frontier Agencies.¹⁵ The boundary between India and China has been divided into three sectors- the western sector, the middle sector and the eastern sector in the North India. Small clashes

between China and India in all these sectors along the McMahon Line began from mid and late fifties. China adopted the position that its boundary with India had never been formally delineated.¹⁶ Therefore, it called for negotiations and compromise on the basis of traditional customary lines. India however, argued that the boundary was well defined on both natural historical grounds in the west and juridical grounds in the east and it refused further negotiations for the border. The border conflict is rooted in the disputed status of the McMahon Line, which defines the border between India and Tibet according to the 1914 Simla Convention between British India and Tibet.¹⁷ The territorial claim of India is based on this agreement. However, China considers Tibet as a local Government without treating-making authority and thus challenges the validity of the colonial era boundary agreement involving Tibet¹⁸. It must be reiterated here that neither the Kuomintang (KMT) nor the communist regimes of China ever acknowledged the McMahon Line.

In 1954, the border issue was raised by Prime Minister Nehru. He brought into the notice of Zhou Enlai certain Chinese maps which showed the large areas of Indian Territory within China. In reply, Chou Enlai said the map was an 'Old' reproduction of a publication from the "pre-liberation period" and that as his government was busy it would do the needful soon.¹⁹ Again in December, 1958 Nehru pointed out that the continued misrepresentation of India's border in Chinese maps should be rectified as soon as possible. In reply, the Chinese Premier Zhou Enlai claimed some forty thousand (40000) square miles of Indian Territory in the eastern and western sectors.

The Chinese Premier Zhou Enlai visited India on April 1960. He held discussions with Nehru and other Indian leaders on the boundary issue. Though it was a serious attempt to settle the border issue, but the parties could not reach an agreement on boundary dispute. A brief joint communiqué issued on 25 April, stated that the talks did not result in resolving the differences that have arisen. However, both sides agreed that

officials examine all the historical evidence including documents and records and submit report for the consideration of two governments. It was in December, 1960 that the two divergent reports were published by two sides. Thus the officials failed to reach consensus on any of the fundamental issues on agenda. It failed because “neither side was willing to surrender its territorial claims or make reasonable concessions, for to do so would be against the national security interests of each other.”²⁰

The Border War and Colombo Proposals

It was on 8 September, 1962 that the People’s Liberation Army (PLA) marched across the well established McMahon Line in the eastern sector and thereafter, the Chinese invasion on 20 October, 1962 all along the border from eastern sector to western sector changed the entire complexion of India-China relations overwhelming the limited Indian frontier posts.²¹

At the same time Chinese Premier Chou En-lai proposed a three-point cease fire formula on 24 October, 1962.

1. Pending a peaceful settlement both parties would respect the Line of Actual Control (LAC) between the two sides along the entire Sino-India border and the armed forces of each side would withdraw 20 kilometres from this line.
2. Provided the Indian government agreed to this proposal, China would withdraw its frontier guards in the eastern sector to the north of the line of actual control, while both China and India would simultaneously undertake not to cross the line of control in the middle and western sectors.
3. Talks between the two Prime ministers would be held once again to seek a friendly settlement.²²

However, Nehru while rejecting the proposals replied on 27 October, that India would welcome any Chinese representatives for peaceful settlement, provided China reverted to the position as it prevailed all along the boundary prior to 8 September 1962. Meanwhile once again China

launched a massive attack on the eastern front on 15 November 1962 on the Sino-Indian border which resulted in the quick dissipation of Indian resistance in other regions also. On November 21, 1962 the Chinese government unilaterally announced a ceasefire along the entire border and withdrawal of armed forces to twenty kilometres behind the 1959 Line of Actual Control as existing on 7 November 1959. The statement further warned that if Indian troops continue their attacks after the ceasefire or cross the Line of Actual Control and recover positions prior to 8 September, 1962 China would fight back. The Chinese also expressed the hope that if Indian government agreed to take corresponding measures, Sino-Indian negotiations could be initiated, which would include twenty kilometres withdrawal by both the sides and setting up a demilitarized zone, the establishment of check posts by each party on its side of the Line of Actual Control. However, Nehru while rejecting the Chinese proposals once again said that, "there could be no negotiations unless the position existing on 8 September 1962 was restored."²³ As a result of the war, India and China withdrew their ambassadors from the respective countries but their embassies continued to function in a routine manner.

Colombo Proposals

In order to break the stalemate and provide a basis for agreed ceasefire arrangements, the representatives of Six afro-Asian countries (Ceylon now Sri Lanka, Burma, Indonesia, Cambodia, U.A.R. and Ghana) met at Colombo between 10th and 12th December, 1962 and made certain proposals.²⁴ The six Afro-Asian nations called on both India and China to settle their differences peacefully by evolving a 'Ceasefire Formula' which was later known as Colombo proposals. The Colombo proposals provided that:

- (1) In the western sector, the Chinese should withdraw twenty kilometres of the traditional customary line as claimed by China without any corresponding withdrawal on the Indian side. The vacated areas would be demilitarized zone to be manned by civilian posts of both sides.

- (2) In the eastern sector, the line of Actual Control (LAC) which was recognized by both the sides was to be treated as a ceasefire line.
- (3) So far as the middle sector was concerned, the proposals recommended the status quo to be maintained.

“The Conference believes”, said this unanimously adopted document, “that these (Colombo) proposals, which could help in consolidating the cease-fire, once implemented, should pave the way for discussion between representatives entailed in the cease-fire position.”²⁵ Thus, these proposals attempted to provide an equitable and fair basis for further negotiations between the two nations. While India accepted these proposals after seeking some clarifications, China rejected it and asked for negotiations without any pre-condition. Further they refused to let Indian troops reoccupy and establish civilian check posts in Chinese vacated areas and they also refused to accept India’s continuous demand of seven civilian posts in Ladakh (Western frontier).²⁶

Post-war Relationship

The stalemate in the Sino-Indian relations continued in the years following the death of Jawaharlal Nehru. The new Prime Minister, Lal Bhadur Shastri, reiterated the Indian government’s willingness to consider China’s vacation of its civilian posts in Ladakh as fulfilment of Colombo proposals’. However, China showed no inclination to accept the Colombo Proposals as a basis for negotiations with India. It continued to keep the tension on the Sino-Indian borders alive and also carried on hostile propaganda against India’s domestic and international policies. The relations between China and India further deteriorated when on October 16, 1964 China exploded atom bomb and thereby conducted its first nuclear tests. The nuclear tests conducted by China increased the level of India’s threat perception. Further during Indo-Pak war in September, 1965 China supported Pakistan and used every possible means to pressurize India. It even accused India of intruding into Chinese territory. Prior to Indo-Pak

War, China and Pakistan concluded a boundary protocol on March, 1965 which involved the territory in Jammu and Kashmir. China which was already in possession of about 15000 square miles of Kashmir territory, through this Sino-Pak Protocol, Pakistan had handed over another 2000 sq. miles to it. India termed it as "legally invalid and politically mischeives."²⁷ and categorically rejected the protocol. China also reiterated its territorial claims on the eastern and western sectors of the border and carried out a series of minor intrusion across the border. Thus, after the Sino-India war, Chinese hostile activities kept the fear alive on the border.

In 1969, the Cultural Revolution²⁸ came to an end in China. China began modernization in its internal and external policies. China showed more flexibility in its approach towards India and maintained that status-quo should be maintained on the Sino-India border. India responded favourably to the Chinese post-revolution mood of moderation and conciliation.

However, this warmness in the relations between the two states during 1970's was short lived due to the developments in East Pakistan. China accused India of interfering into the internal affairs of Pakistan. On December 3, 1971, the war between Indian and Pakistan broke out in the Eastern and western fronts. During the Indo-Pak war, China adopted various techniques to pressurize India but played a very limited role in the war as compared to 1965 Indo-Pak war. All these developments gave a big jolt to the process of normalization of relations between India and China. However, with the conclusion of Simla Agreement (1972) between India and Pakistan, China slotted its attitude towards India.

Normalization of Relations

During the mid seventies, there took some significant changes in both the China's and India's internal politics. These changes which were mostly political in nature provided an opportunity for both the states to reorient their policies towards each other. In China the new leader Deng Xiaoping started

the programme of modernization. For this purpose, China took steps to improve its relations with all its neighbours because peaceful border was necessary for the modernization. Moreover, China comes to realize the India's new role and status. To begin with, India's refusal to sign Soviet sponsored Asian Collective Security Treaty convinced China of India being independent in its foreign policy choices. Again India had become the most dominant power centre in South Asia after the disintegration of Pakistan in 1971. Further Chinese linked Indo-Soviet friendship with Indo-China hostility and improvement of Indo-China relations was considered necessary in distancing India from Soviet Union. It was in this Context that the demand for improvement of Indo-China relations gradually became stronger.

In 1977, for the first time the non-Congress party (Junta Party) came to power at the Union in India. China looked at the change of government from Congress to non Congress as positively and hoped that the new government would reorient its foreign policy positively towards China. The Junta government was certainly interested in strengthening India's relation with China. It was prepared to respond positively to every little gesture from the Chinese side and do everything possible to sustain the atmosphere of expectation utilizing every possible opportunity to consolidate and carry forward the efforts for improved relations ²⁹. For this purpose, Atal Bihari Vajpayee the then Indian External Affairs Minister paid a visit to China in 1979. The main agenda of his visit was to exchange views with Chinese leaders regarding the normalization of relations between the two states. During these talks, Vajpayee identified the border problem as the key obstacle to the normalization of Sino-India relations. The Chinese also agreed that the boundary question should not prevent us from improving our relations in other fields. It was agreed that the five principles of peaceful co-existence should be the basis of normalization of bilateral relations and settlement of border disputes.

While Vajpayee was still in China holding discussions with the Chinese leaders, China attacked Vietnam. Deng Xiaoping Chinese Premier

while talking to the press said "We shall teach Vietnam a lesson as we have taught one to India in 1962³⁰. Subsequently, Vajpayee had to cut short his visit. Under severe criticism in Parliament, the government of India finally denounced the Chinese action as an aggression against Vietnam. Thus, the Chinese aggression on Vietnam halted the positive environment which was created by Vajpayee's visit to China.

The Junta regime collapsed in 1979 and Mrs. Indira Gandhi once again came to power in January, 1980. The Chinese premier Hua Guofeng on 15 January, 1980 congratulated Mrs. Gandhi on her assumption of the office of premiership. Though India and China differed considerably on various international issues (Afghanistan and Vietnam's role in Cambodia), yet both countries had been realizing the need to get away from conflictual relationship and to reduce the tension. Mrs. Indira Gandhi was aware of the fact that any policy of leaning towards the Soviet Union would not serve India's long term security interests. She realized that India's long term interests could be served only by expanding its ties with the United States and improving relations with China. China, on the other hand also came to the conclusion that more it denounced India, the closer it would push it towards Soviet Union. After Deng Xiaoping emerged as the supreme leader of China and his launching of modernization, this thinking was in consonance with the general thrust of economic taking precedence over politics. It was during mid-eighties that China began to cultivate balanced relations with both Super Powers- U.S.A. and Soviet Union and advocated peaceful co-existence. It was necessary from the Chinese view point because it helped in weakening Soviet opposition to Sino-India friendly relations and mitigated Indian fear of US-China-Pakistan axis against India.

In order to resume negotiations on border issue, it was on June 1980 that the Chinese leader Deng Xiaoping revived Zhou Enlai's "Package proposal" of 1960 by proposing that "Beijing would recognize the Line of Actual Control in the eastern sector if India recognized the status-quo in the western sector."³¹ But the package deal was rejected by India as it aimed to

legitimize Chinese occupation in Western Sector between 1959 and 1967. While rejecting the Deng's Proposal, Indian government maintained, after all late Premier Zhou Enlai had proposed particularly the same thing in New Delhi talks of 1960 and the Indian side had rejected it. Deng now proposed that in the Eastern Sector, China could recognize the McMahon Line as demanded by India; in return India could concede Aksai Chin to China in the Western Sector.³² However, it did not offer any territorial compensation to India. On the other hand, India wanted to settle the border question in accordance with the national honour and interests of both the sides on the basis of equality.

On 16 June, 1981, the Chinese Vice premier and Foreign Minister, Houng Hua visited India. It was the first important visit of India by a Chinese leader since the late premier Zhou Enlai's visit in 1960. Haung Hau held extensive talks with Indian leaders on international and bilateral issues. After the visit of Haung to India, both sides held eight rounds of talks concerning border negotiations between December 1981 and November, 1987. Though these talks initially raised hopes for resolving the border dispute between India and China but these talks achieved nothing because both sides charged one another of military intrusion into each other's territory. Sino-Indian relations deteriorated further during mid-1980's following the Indian allegations about Chinese intrusion in the Sumdurong Chu Valley in the Twang area which India claimed to be within its territory. Besides it, there were two other developments that strained the Sino-Indian relations further. The first was the conferment of statehood to Arunachal Pradesh by India and the second was to organize military exercise (Operation Chequer Board 1986-1987) along the Sino-India border.³³ The Chinese regarded these moves as provocative and started moving troops to Tibet. With these developments, the second Sino-India border war became inevitable. However, both the states had embarked on plans for economic modernization and required peace for the pursuit of these goals. It was this realization that had pulled the two sides away from the path of military confrontation.

The relaxation in international tensions as a result of the détente in U.S.-Soviet relations, improvement in Sino-Soviet relations and other international factors provided a fresh initiative for improvement in Sino-Indian relations. It was in this context that Rajiv Gandhi visited China in December 1988. Following his visit, Sino-India relations became more cordial than at any time since the mid-1950s.³⁴ It was the first visit to China by an Indian PM Prime Minister since Jawaharlal Nehru (1954).³⁵ During his visit both sides agreed that the boundary question should be settled through peaceful and friendly negotiations on the basis of Panchsheel. Besides, both the sides decided to set-up a Joint Working Group (JWG) on boundary issues, which will make recommendations for the overall solution of the boundary question. They also agreed to develop relations in the other fields as well like science and technology, civil aviation to establish direct air links and on cultural exchanges. The major factor which compelled both India and China to move in the direction of normalization of relation was their common pre-occupation with the tasks of development. Rajiv Gandhi talked much about Indian going into 21st Century³⁶. For this purpose, he called for a process of modernization on all fronts. The convergence of this approach with Deng Xiaoping's approach to modernization in Post-Mao China represents a significant trend. All these developments gave new impetus to the process of normalization of relations between the two states.

During his visit to China, Prime Minister Rajiv Gandhi has invited the Chinese Premier to pay a return visit to India which was accepted by the latter. It was on December, 1991 that the Chinese Premier Li Peng paid a visit to India. It was the first visit by a Chinese Prime Minister to India since Zhou Enlai's visit in 1960. During his visit to India, the two leaders held extensive talks and reiterated that efforts would be made to arrive at mutually acceptable solution to the boundary question. On the question of Sino-India Joint Working Group (JWG) on the boundary question, both sides believed that it had enhanced mutual understanding. Further, they agreed to maintain peace and restraint clashes with each other in the area along with the Line of

Actual Control (LAC). It was also agreed upon by both the sides that the periodic meetings between the military personnel in the border areas should be held on regular basis.

In the light of above mentioned developments, it becomes clear that both sides had taken a step by step approach to resolve the boundary questions. Though the process of resolving the border dispute was slow one with its phases of ups and downs, but the differences on the border issue had not been allowed to affect the overall progress of rapprochement between India and China.

Relations in post Cold War era till 1996

The normalization of Sino-India relations gained momentum in the post-Cold War period wherein the global strategic environment had come under considerable realignments. To begin with, the end of Cold War brought dramatic changes in the global strategic environment. The Soviet Union was no more and the U.S.A. emerged as the sole Super Power. The bi-polarity was replaced by uni-polarity. China and India found themselves at the receiving end in such a uni-polar global order. China was especially perplexed with U.S.A.'s pronouncements on the issues of human rights, trade issues, and nuclear technology transfers and weapons sale and India which was regarded as the close ally of former Soviet Union has also come under pressure from U.S.A. on a range of issues like nuclear weapons and missile proliferation, economic liberalization and intellectual property rights.³⁷ China and India were fully aware that the main objective of American strategy in the post-cold war world was to check the emergence of any great power that can challenge American dominance in anywhere in Europe or in Asia³⁸. Further both China and India aspire to emerge as an independent power centres in a multi-polar world where regional powers will dominate in their respective spheres of influence. Thus, both China and India aspires benefit in making common cause with each other so as to resist arm-twisting by the United States. It was this realization which led to the rapprochement in the Sino- Indian relations in the post cold war era. The rapprochement process

was initiated with the Indian president R. Venkataraman's visit to China in 1992³⁹. During his visit both nations expressed satisfaction at the working of the Joint Working Group (JWG) and agreed to deepen economic cooperation. They also laid emphasis on taking concrete steps to promote mutual confidence Building Measures (CBM's) including mutual troop reductions and regular meetings of local military commanders. Border trade was also resumed in July, 1992 after a gap of more than 30 years. The Indian initiative of sending its Defence Minister Sharad Pawar to China in July 1992 was a milestone in Security Building Measures (SBM's) between two neighbours. During his visit, the two sides agreed to develop academic military, scientific and technological exchanges between the two states.

The major step forward in strengthening the growing process of Sino-India rapprochement was the visit of Prime Minister P.V. Narsimha Rao to China in September, 1993. During his visit, the prime Minister Narsimha Rao and Chinese premier Le Peng signed the "Agreement on the Maintenance of Peace and Tranquillity" along the Line of Actual Control in the India-China border areas. This agreement proved to be a significant development in the history of bilateral relations between the two nations as it stabilized relations on the one hand and initiated numerous Confidence Building Measures (CBM's) on the other hand.

Further, an India-China Expert Group was setup by both the nations to demarcate the line of Actual Control (LAC) and discuss troop reduction. This group held two meetings, one in February, 1994 and another in April, 1994. The ways and means about the maintenance of peace and tranquillity over the common border were also discussed by them. Moreover, India and China relations witnessed exchange of visits throughout the year 1994. These visits included the important ones like the Indian Chief of Army Staff General B.C. Joshi's and the Chinese Defence Minister Chi Hation's to each other's countries. The Indian Vice President K.R. Narayan also paid a three day visit to China from 21, November. For promoting cultural ties between India and China, a cultural festival namely "Festival of India" was held in Beijing on

May 6. All these factors and more importantly the two visits by Indian Prime Ministers Rajiv Gandhi (1988) and Narsimaha Rao (1993) to China proved to be landmarks in the normalization process of Sino-India relations.

Conclusion

After a brief historical background of Sino-India relations, it can be asserted that though the Sino-India relations have existed for the last two thousand years, but with their independence in the mid-twentieth century, both the states developed a very close bilateral relations characterized by mutual support and cooperation on many decisive national, regional and international issues. However, in the late fifties the relationship between the two states deteriorated over the border and Tibet issue which culminated in the 'Mini Sino-India War' (1962). Thereafter, the mutual relationship between the two states entered an era of cold war characterized by mutual distrust, suspicion and hostility which lasted for about two decades. The process of normalization of Sino-India relations started from late 1970s. During the late 1980s and especially after the Indian Prime Minister Rajiv Gandhi's landmark visit to China in 1988, the complete normalization of Sino-India relations was reached. After the end of Cold War and the disintegration of Soviet Union, India and China are on the way to turning a new page of their relations by striving to dissolve the barriers in Sino-India relations left over by history and resume their traditional friendship and confidence in maintaining peace in the region and the world.

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CHAPTER-III

FOREIGN POLICIES OF CHINA AND INDIA: PRINCIPLES AND PERSPECTIVES

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FOREIGN POLICIES OF CHINA AND INDIA: PRINCIPLES AND PERSPECTIVES

Nations exist in a particular environment and any change in the environment requires change in the behaviour of the nations. Though the country's foreign policy is generally governed by numerous historical, political, economic, geographic, cultural, religious and other considerations, but the real motivation is always national interest.¹ The desire to fulfil this national interest and the inability to achieve all the goals of foreign policy independently, gives rise to the configuration called 'interdependence of nations'.² That is why every nation tries to establish bilateral and multilateral relations with other nations because in the contemporary globalised world, no nation can survive in isolation.

Each nation adopts its own foreign policy which is a set of principles and a plan of action. It is with the help of this foreign policy that a nation formulates, adopts and attempts to achieve the goals of national interest vis-à-vis other nations. It is for this reason that the behaviour of each nation at the global level is always determined by its foreign policy which moulds itself in accordance with the changes in the external environment.

Foreign policy can be defined as a synthesis of end and means. The end is the national interest of a state and the means are the power and capabilities.³ Thus, foreign policy consists of two elements: national objectives to be achieved and the means for achieving them. More generally, foreign policy can be defined as the sum-total of the principles, interests and objectives which a state formulates in conducting its relations with other nations. All these activities are evolved by nations for influencing and changing the behaviour of other nations and for adjusting their own activities to the international environment because in addition to the domestic factors, the international environment also plays an important role in foreign policy-making.

Principles of China's Foreign Policy

It is important to understand the foreign policy of China in general and its foreign policy-making towards India in particular to appreciate and analyse the problems and prospects of Sino-India relations. However, it is not easy to understand the foreign policy of China fully as compared to India because while India is a democratic country with freedom of speech and open press, China's Communist politics is more closed in which the state has upper hand in each and every field. Moreover, the political stability owing to Communist rule and commonality of culture has allowed China to follow a consistent and effective foreign policy on many issues and towards many countries. The continuity of one-party rule i.e. Communist Party has provided an opportunity to People's Republic of China to develop consensus on important pillars of foreign policy. This is the reason that despite guided by a particular political ideology, the political establishment has found it easy to accommodate and confront the dynamics of international and regional politics without any strong opposition at home.

Keeping in view the above mentioned facts, periodisation of Chinese foreign policy has been deliberately avoided because in China, the change of guards does not mean change of major policy decisions. Many changes were witnessed in foreign policy of China only after the death of Mao and since then a kind of consistency and coherence is maintained despite change in political leadership of the country.

So far as Chinese foreign policy towards India is concerned, after a brief honeymoon period of intimate friendship, it has been consistently mixed with hostility and counter balance. Thus in post 1962 period, the Sino-India relations have never been the much awaited and the most desirable intimacy and close cooperation. Nevertheless, a brief analysis of the principles of Chinese foreign policy is necessary to appreciate its policy towards India.

The Peoples Republic of China was called the Peoples Democratic Dictatorship or a New Democracy as opposed to Western Democracy.⁴

The Foreign Policy of this New Democracy, as stated by Mao Tsung was to fight against imperialists and isolate and defeat the internal and external reactionaries. Mao himself outlined the Foreign policy of PRC in these words: "to unite in a common struggle with those nations of the world who treat us on the basis of equality, and peoples of all countries. This is to ally with Soviet Union, to ally with the new democratic countries of Europe and to ally with the proletariat and masses of the people in all countries."⁵ Further, it was to establish diplomatic relations with foreign countries on the basis of equality, mutual benefit and mutual respect for integrity and sovereignty. It is evident from the statement of Liu Thao-Chi as he noted, "since the founding of the People's Republic of China, the basic policy of our international relations has been to develop relations of friendship, mutual assistance and cooperation with the Soviet Union and other fraternal socialist countries; to strive for peaceful co-existence with countries of different social systems on the basis of the Five Principles and to oppose the imperialist policies of aggression and war; to support the revolutionary struggles of all oppressed peoples and nations against imperialism. This is the general line of our foreign policy."⁶ After the establishment of People's Republic of China on October 1, 1949, this guideline became the firm foundation of its Foreign Policy.

The main principles of China's Foreign Policy can be summarised as under:

Maintaining Independence, Self-Reliance and National Sovereignty; Opposition to Hegemonism, Safeguarding World Peace; Adhering to the Five Principles of Peaceful Co-existence, Establishing a New Model of International Relations; Strengthening Unity with Developing Countries, Jointly Opposing Imperialism and Colonialism; Improving Relations with the Developed Countries to Promote Common Development; Eliminating Outside Interference, Promoting the Reunification of the Mother land.⁷

In addition to these Principles, there are some objectives which the Chinese Foreign Policy makers strive to achieve; these are:

- a) The security of their motherland;

- b) To acquire the formerly lost Chinese territories and their unification with the china;
- c) To support the socialist revolutionary movements throughout the world; and
- d) To attain hegemony in Asia in accordance with the traditional Chinese empire. The Chinese feel that they must be recognised as equal to any great power like the United States.⁸

However, in the post-Cold War era, like many other states, China has to readjust its foreign policy. Broadly, without compromising its carefully pursued long term objectives and goals as a major global actor, China saw two noteworthy changes both at the internal as well as at the external level. First, strategic level was marked by the disintegration of Soviet Union and the political plane was marred by the pro-democracy movement in 1989.⁹ Second, it saw the unfolding of economic globalisation in a steady manner.¹⁰ These two important changes influenced Chinese foreign policy in many ways. From now onwards internal stability was keyword for the domestic political order which was important for the continuation of economic modernisation. Moreover, the end of bi-polarity and the emergence of U.S as the sole super power, compelled China to think on the alternative approach and it initiated a policy of engagement with sober thinking about India. In this regard, the silent features of China's foreign policy were to:

- (a) Develop friendship with every surrounding country.
- (b) Balance strategic relations with major world powers.

It was in this backdrop, that China in the post-Cold War period sought to improve its relations with all major countries of the world including its dominant south Asian neighbour, India. China's policy of maintaining good neighbourly relations with India followed from its conscious strategy of seeking peaceful environment in its surrounding areas.

Principles of India's Foreign Policy

After India became independent in 1947, the Indian government had to chart-out its own foreign policy. Jawaharlal Nehru, the first Prime Minister of India as well as the first Foreign Minister, shaped the nation's foreign policy.¹¹ It was framed in an environment characterized by imperialism, bi-polar world, and racialism and in an uncertain world due to the proliferation of weapons of mass destruction. It was in this context that India adopted the policy of anti-imperialism, non-alignment, anti-racialism and championed the cause for peaceful and nuclear free world. Mainly, its foreign policy was based on the Five Principles of Peaceful Co-existence (Panchsheel). Thus, the main principles of India's foreign policy were: Preservation of Territorial Integrity and freedom of Policy; Promotion of International Peace; Economic Development of Country and Freedom of dependent Peoples and Elimination of racial discrimination.¹² In the light of above of mentioned principles, the main objectives of India's foreign policy were:

- (a) To protect India's core national interests;
- (b) To preserve the autonomy of decision-making process;
- (c) To give priority to the economic diplomacy;
- (d) To strengthen ties with neighbours through mutually beneficial cooperation;
- (e) To work towards the goal of global disarmament;
- (f) To promote more equitable equation between the developed and developing countries.¹³

Due to its unique and independent foreign policy, India was regarded as the leader of the third world countries. But the radical changes all over the globe in the recent past especially after the collapse of bi-polar world have compelled India to review its established foreign policy principles and refashion them in the context of changing global scenario.

During early and mid-nineties, the foreign policy of India confronted drastic changes both internal as well as external.¹⁴ At the internal level, the era

of coalition politics had began which affected Indian foreign policy-making in a number of ways e.g., under the coalition governments, the foreign policy could not find adequate place on the priority basis. The frequent changes of government at the national level led to the adhocism in the foreign policy-making. The ideology of non-alignment which remained an important determinant of India's foreign policy during the cold war era has also to be sacrificed. Moreover, in the early nineties, India's economy was in a bad shape which made India vulnerable to external pulls and pressures.

Likewise the external environment exposed the foreign policy of India to various challenges and external pressures. The most important change in the external environment which affected the India's foreign policy was the disintegration of Soviet Union due to which India lost the external source of strength of its foreign policy. The changed world power structure was another challenge to the foreign policy because hegemony emerged as a dominant feature of the newly emerged world order. Indeed, it was a serious challenge for India to frame her foreign policy in such a hegemonic world order. In addition, with a shift from geo-politics and geo-strategic to geo-economic, the economic dimension of international politics has become prominent with economic issues taking precedence over political one's.¹⁵ This new economic system was more beneficial to the developed countries than to developing one's because the global economy and international monetary bodies (World Bank, WTO, IMF) were controlled by the former. In such a state of affairs, how India was able to persuade other developing countries like China, Brazil, and many others to create a just and equitable economic order was indeed a big challenge before the foreign policy makers of India.

Thus, the changed domestic and external environment brought visible change in both China's and India's foreign policy. Both the states devised various methods to meet these challenges. Furthermore, the emergence of an Asian centred international order will have far reaching implications for the world. It will play an important role in reducing the exploiting influence of the developed world over the developing world. To achieve this end, it is

necessary for China and India to cultivate more cooperative and friendly relations with each other. The close relations with China would be beneficial not only for India's strategic interests but also for its economic interests. In the following pages, an attempt has been made to analyse how India has been able to achieve that end with the help of instrument of its foreign policy. Here special emphasis has been laid on the foreign policy of India towards China and not vice versa because it is very difficult to have a coherent view about China's foreign policy towards any state due to its (China's) being highly secretive on its foreign policy making and diplomatic process.

Limitations in India's China Policy

It will be more pertinent here to point-out some weakness in India's China policy. As we know, India and China are the two ancient, largest and emerging super powers of the contemporary world, but the main point is that both are neighbours with fastest growing economies. Although, both can cooperate in a number of ways but competition or even conflict in many other yields cannot be ruled-out.¹⁶ In this respect, how India is able to preserve and promote its national interest without coming into direct conflict with her mighty and powerful neighbour (China) depends mainly upon the instrument of its foreign policy.

According to the international structuralism or neo-realism,¹⁷ states always respond to their structural condition and do their best to secure the national interests by meeting the challenge to their security. India's foreign policies towards China have been unable to make a clear-cut response towards China that affects its security interests in a number of ways. It becomes clear from the fact that China has shown a remarkable consistency in its dealings with India but India seems satisfactory only with one high level visit to another. Harsh V. Pant in his article¹⁸ puts forth the following three constraints that impede the development of a clear-cut China policy in India.

The first important variable which he analyses is the strategic culture. It plays an important role in determining state behaviour in the international relations. Strategic culture consists of widely shared beliefs, world views,

traditions, attitudes, symbols, and identity in terms of self-representation of the nation and its proper role in the world politics.¹⁹ Moreover, the way, a country's interests are conceptualized, defined and defended is influenced by its unique cultural experiences. Analysing the observations made by Andrew Scobell, Pant argues that China's foreign policy is influenced not only by the elite understanding of China's own strategic tradition but also by their understanding of strategic cultures of other states.²⁰ That is why Chinese continue to consider India unstable and militaristic power who always wants to dominate its smaller neighbours and that is the major reason that China considers India as its rival and competitor not only in India but in other parts of the world as well. On the other side, India has not shown much inclination towards systematic and coherent foreign policy towards China. The natural consequence of such a state of affairs has been that India has been on the strategic defensive and reluctant to assert throughout its history.

The second important impediment in the foreign policy making is the lack of institutionalization of foreign policy making in India. It is the natural corollary of the lack of strategic culture. To institutionalize the foreign policy making in India, an attempt was made by Bhartiya Janta Party (BJP) led National Democratic Alliance (NDA) government in the late 1990's by establishing a National Security Council (NSC) to study military, economic and political threats to the nation and to advise the government to meet these challenges in an effective manner.²¹ However, it neglected the institutionalization of the NSC and building up its capabilities to play the supposed role. Thereafter, the Congress led UPA government also tried to make NSC an effective and professional institution. However, like its predecessor government (NDA), it has also failed to make it work in a desired manner whereby NSC could anticipate national security threats and coordinates long term planning.²² Thus, so far as India's China policy is concerned, this lack of effective institutionalization of foreign policy making has made it difficult for India to assess the implications of a rising China on its frontiers.

The third important variable which Harsh Pant analyses in his article is the power and its pursuit in international politics. In this regard, though India is regarded as the rising power both militarily as well as economically but it still remains behind China in terms of capabilities. The advantageous military capabilities of China vis-à-vis India can be discerned from the below mentioned comparative table of military might of India and china.

MILITARY MIGHT

CHINA	INDIA
Defense budget - \$91.5 billion Large nuclear missile arsenal, with ICBMs and SLBMs - Road mobile DF-31A missile has a 11,200 km range, while JL-25LBM has a reach beyond 7,200 km.	Annual defense budget - \$36 billion Limited nuclear arsenal, no ICBMs and SLBMs 3, 500 km Agni-III missile not yet operational, while 5,000 km Agni-V to be tested for first time in December.
Armed Forces - 2.25 million active troops	Armed Forces - 1.3 million active troops
Submarines - 62 (10 nuclear powered, at least three with long range ballistic missiles).	Submarines - 14 (all conventional, none nuclear-powered).
Major warships - 75 (one air craft carrier began sea trails recently).	Major warships - 30 (one air-craft carrier).
Fighter jets - 1,680	Fighter jets - over 500
Main Battle Tanks - over 7,000	Main Battle Tanks - over 3,000

Notes:

- ICBM - Inter-Continental Ballistic Missiles
- SLBMs - Submarine-Launched Ballistic Missiles
- JL - Julang (Great Wave)
- Agni - Fire
- DF - Dang Fenz (East Wind)

Source: *The Times of India, New Delhi, August 27, 2011, p. 6 (Pentagon's latest assessment of the expanding military might of China).*

It is with the help of these capabilities that China has achieved most of its strategic objectives vis-à-vis India. That is the main reason that China does not regard India as its serious rival in the security field because of its low opinion of Indian capabilities. Thus, unless and until, India achieves higher economic growth rates and modernizes its military, its foreign policy will struggle to achieve the results it desires.

Thus, all the above mentioned constraints have in fact impeded the evolution of a long term China policy in India which has ultimately led to the confusion in Indian foreign policy making. It is reflected by the way India has dealt with China in the past few years. Though it seems that Sino-Indian relations have improved a lot but it is not clear as to what strategic objectives India wants to achieve from this improvement. Here it can be argued that India is and has been following a policy of cooperation with China for building its capabilities, achieving higher economic rates, strengthening its defence and building the necessary infrastructure like roads, air strips, bridges, etc. or its northern borders and further enhancing its reach and influence in other strategically important location in Asia and other parts of the world till such a time when India will be in a position to challenge China's primacy openly.

India's Foreign Policy towards China from 1996 Onwards

(1) The United Front Government and its China policy

The end of bi-polar world with the disintegration of Soviet Union and the dramatic changes which brought it to the world politics as discussed in the preceding pages, have far reaching implications for India's foreign policy. These created a new environment which compelled India to reorient its foreign policy towards China. India initiated a more pragmatic approach as regards its China policy. It started the process of economic reforms that also demanded a refashioning of its foreign policy. During early 1990's especially after Prime Minister Rajiv Gandhi's and Prime Minister Narsimaha Rao's visit to China in 1988 and 1993, respectively, a number of Confidence and Security Building Measures (CFSBM's), high level military and political exchanges,

rising trade and cooperation in Science and Technology laid basis for more comprehensive relations between the two states. On the other side, some tangible shifts in China's South Asia policy were also discernable. According to an Indian analyst, some more noticeable examples of this shift were; First, the People's Republic of China has been notably mild in its reactions to India's stand on CTBT (Comprehensive Test Ban Treaty); Second, China voted against Japan in support of India's bid for a non-permanent seat in the Security Council; and its approach to the handling of territorial disputes was also different now, as witnessed in its stand on the Kashmir issue.²³

Although, there were still some differences over a number of issues, but there was also a growing recognition in both the states that improvement in the bilateral relations between the two major Asian states has wider implications not only for the people of these two largest states, but also for the rest of the world especially for the developing countries.

It was with this realization the United Front Government²⁴ initially under the Prime Ministership of Mr. H. D. Deve Gowda and then under the Prime Ministership of I.K. Gujral continued the policies of the previous government.

As a Prime Minister, Mr. I.K. Gujral outlined a broader regional policy which came to be known as Gujral Doctrine.²⁵ The Doctrine implied that India was prepared to extend unilateral concessions to its smaller neighbours, because Indian realized that it could not fulfil its aspirations of becoming a global power as long as it was involved in the conflicts with its immediate neighbours. However, one of the most important and mighty neighbour, China could not be sidelined. Thus, it became the cherished goal of the United Front Government to cultivate friendly relation with all the neighbouring countries more particularly with China for creating a peaceful and stable environment for the Socio-economic progress and development. In this direction, the visit of Chinese President Jiang Zemin to India in 1996 was an important event in the bi-lateral relations between the two states. During his India visit, both the states signed four important agreements.²⁶

1. The Agreement of Confidence Building Measures (CBM's) in the field of military development along the Line of Actual Control (LAC) in the India-China border areas,
2. The Agreement concerning the maintenance of Consulate General of India in Hong Kong (special Administrative Region) of the people's Republic of China,
3. The Agreement on Cooperation for Combating illicit trafficking in narcotic drugs and psychotropic substance,
4. The Agreement on Maritime Transport.

Among these four Agreements, the Agreement on CBM's was an important one as it provided for a fair, reasonable and mutually acceptable settlement of the boundary question. Further, the importance of paying adequate attention to each other's concerns on vital issues affecting unity, territorial integrity and security were also underlined. The Agreement to work towards building a Constructive and Cooperative relationship into the 21st century.²⁷ While continuing to address outstanding differences was reaffirmed during high level political and official contacts.

Thus, in a period of constant change in the global, political, and economic and security environment, there was a need for constant assessment of the emerging situation for protecting India's vital national interests. This fluctuating international order also offered many opportunities for India. It was the major policy of United Front Government to fully utilize these opportunities to advance India's national interests in a more dynamic manner.

However, it must be reiterated here that the United Front Government under the Prime Ministership of I.K. Gujral was a weak minority government which depended for its survival upon the outside support of the Congress party and it was not in a position to take any major decision on the foreign policy issues.²⁸ It was for this reason that it basically continued the existing policies which were established by the Narsimaha Rao government.

(2) **The Bhartiya Janta Party (BJP) Led National Democratic Alliance NDA Government and its China Policy**

From the very beginning, the BJP has projected itself as a nationalist party that seeks the vigorous pursuit of India's national interest along with more assertive role for India in the international system. Nationalist overtone forms an integral of the BJP's foreign policy thinking. Nationalism in the context of foreign policy, essentially equates to an explicit emphasis on national security issues and territorial integrity.²⁹ Thus, it can be argued that there are/is remarkable continuity in the BJP's foreign policy especially with regard to China. China on the other side, while pursued independent foreign policy of peace, perceived four major threats to its security. These were the US on the issue of Taiwan, Japan on the issue of Diaoyutai islands, Japan-U.S renewal of security treaty in 1997 and India on the issue of border dispute.³⁰ Therefore, India was viewed as one of the potential nations with which border conflict was possible. However, along with this strategy, China also perceived policy of improvement of relations with India. Here, it becomes clear that China's foreign policy with regard to India was based on both engagement and balance of power. This double strategy of China also compelled India to chart-out new course towards China along with continuation of policy of engagement.

After the fall of United Front Government in November 1997, the new parliamentary elections were held in February, 1998. BJP got the largest number of seats in parliament (182) but this fell far short of majority. On March 20, 1998 BJP formed the coalition government with Mr. Atal Bihari Vajpayee as the Prime Minister. In April, 1999 the BJP led government fell once again leading to fresh elections in September.³¹ Again, the National Democratic Alliance (NDA), a new coalition led by the BJP gained majority to form the government with Atal Bihari Vajpayee as Prime Minister on October, 1999.³² As stated earlier, the BJP's emphasis on nationalism and national security in its foreign policy making, made the NDA government's foreign policy more realistic than idealistic. The reorientation of the Indian Foreign Policy during the early 1990's and at the beginning of the 21st century under

the Vajpayee government, was response to the changes within the international system after the end of cold war.³³ It was in this context that the NDA government conducted two rounds of nuclear tests on 13th and 14th May, 1998 respectively. Before nuclear tests, the relationship between China and India was proceeding in a right direction. However, with the conclusion of nuclear tests, China raised its concern by saying that the nuclear tests by India goes against the international trend and was detrimental to the peace and stability of the South Asian region.³⁴ Prior to the conducting of 1998 Nuclear tests, George Fernandez, the then Defence Minister of India declared that China is India's number one threat.³⁵ The message he wanted to convey to the international community was that India had developed nuclear weapons in defence against China's arsenal. The relations between the two states further deteriorated when the Prime Minister Mr. Atal Bihari Vajpayee in a letter to US President Bill Clinton stated that we have an overt nuclear weapon state on our border, a state which committed armed aggression against Indian in 1962. Further, the country has materially helped another neighbour of our (Pakistan) to become a covert nuclear weapons state which has also committed three aggressions against us in the last 50 years.³⁶ China's reaction to this letter was harsh and strong which gave a further set back to the already deteriorating Sino-Indian relations. However, this bitterness in the bilateral relations between the two states was mitigated as India later on downplayed the significance of Vajpayee's letter and also George Fernandez's remarks about China being India's threat number one. The initiative was taken by India when it expressed its intention to enhance the bilateral friendly relations with China. On the other hand, China thought that it could not isolate India for long because India had withstood the pressure (international) and USA and other powers were softening their attitude towards India. Thus, the Sino-Indian relations once again came back on the track of normalization.

The two sides officially resumed talks in February, 1999 after a gap of months. It was agreed by both the sides to resume the Eleventh Joint Working Group (JWG) meeting that was to be held in the second half of the 1998 but was postponed due to setbacks.

During the BJP led NDA government's tenure, one of the main aims of India's foreign policy was to settle the border issue with China. In order to accelerate the talks on boundary issue, the Indian Foreign Minister Mr. Jaswant Singh visited China in 1999. He accelerated the pace of talks on the clarification of the Line of Actual Control (LAC). There was agreement on promoting Confidence Building Measures (CBM's) thereby initiating a security dialogue and expanding economic and trade relations.³⁷ During his China visit, he made it clear that India does not consider China as a threat to it. Thus, his China visit created a friendly atmosphere in the deteriorating relations which have developed after the post nuclear tests. China on its part also expressed its willingness and readiness to discuss any matter arising out of India's security concerns.

Further during the Kargil war in May, 1999 between India and Pakistan, China adopted a neutral position which further normalized the relations between India and China.³⁸ The nuclear tests by both India and Pakistan and thereafter, their conflict over Kargil proved to make the past two years – 1998 and 1999 very crucial years for India-China relations. The year 1998 was very difficult year for Sino-India relations. However, developments during the 1999 especially Kargil conflict provided an opportunity for India and China to mitigate the irritants in their bilateral relationship in the following year (2000).

Thereafter, the President of India Mr. K.R. Narayan paid a visit to China on May, 2000. This was considered as an important visit because it was the first visit by a highest level leader since the May, 1998 tests and reciprocated Jaing Zemin's 1996 visit to India.³⁹ During his visit, he met Chinese President Jaing Zemin and had a constructive discussion with him. Mr. Jiang Zemin outlined four steps to develop their bilateral relations with each other,⁴⁰ these were:

- a) increase of mutual visits;
- b) expansion of trade and economic relations;
- c) strengthen cooperation and coordination in international affairs;
- d) to remove the irritants in bilateral relations properly.

The two Presidents also agreed to enhance bilateral interaction and cooperation in many other fields.

Sino-India relations further improved following Indian Prime Minister Atal Bihari Vajpayee's landmark visit to China in June, 2003.⁴¹ During his visit, Vajpayee met the new Chinese leadership.⁴² The Joint Declaration issued by both sides laid a roadmap to build a qualitatively new relationship and develop a long term cooperative partnership. During his China visit, twelve agreements were signed which were expected to make Sino-India relations more cordial and friendly. Important among them were:⁴³

- (a) Agreement on political parameters and guiding principles for the settlement of the India-China Boundary dispute.
- (b) Report of the India-China Joint Study Group on Comprehensive Trade and Economic Cooperation.
- (c) Protocol on Modalities for the Implementation of CBM's in the Military Field along the LAC in the India-China Border Areas.
- (d) Memorandum of Understanding (MoU) on the Launch of India-China Financial Dialogue and,
- (e) Memorandum of Understanding (MoU) on provision of Hydrological Information of the Sutlej/Langgen river in the Flood Season by China to India and,
- (f) MoU on Civil Aviation.

Besides, it was also decided that the Joint Study Group (JSG) should be established by both the states.⁴⁴ This JSG was to search-out areas where more and more economic cooperation is possible and thereby suggest measures which could increase bilateral trade and encourage cooperation between the business communities of both the countries. As per their rapidly growing economies, it was an important advancement in the economic field. Likewise, another important decision was taken to appoint a Special Representative from each side to explore the framework for a boundary settlement.

The Indian National Security Advisor, Brajesh Mishra, and the Chinese Senior Vice-Minister, Dai Bingguo were appointed as Special Representatives charged with resolving the border issue.⁴⁵ The appointment of the two negotiators reflected a political will on the part of both sides to solve the boundary problem.

The BJP led NDA Government showed more flexibility in its foreign policy when Prime Minister Atal Bihari Vajpayee recognized Tibet Autonomous Region as an inalienable part of China. India was expecting that in return, China should also recognize Sikkim as an Indian State. However, despite this India's unilateral soft move, the Chinese did not recognize Sikkim as an integral part of India. This is the reason that BJP is still not very clear as for as its policy in dealing with China is concerned.

(3) The Congress led United Progressive Alliance (UPA-I) government and its china policy

The Congress led United Progressive Alliance (UPA) Government under the Prime Ministership of Dr. Manmohan Singh unlike the previous governments opted for a cautious foreign policy. The various issues relating to foreign policy were discussed while drafting the "National Common Minimum Programme" with the coalition partners even before the formation of government.⁴⁶ The main aim was to evolve consensus on critical issues which were directly related to foreign policy issues.

Thus, the foreign policy of UPA government was framed under the framework of Common Minimum Programme (CMP) which was more or less same as the policies of the previous government (BJP led NDA). The CMP of the UPA government pledged to pursue an independent foreign policy and there was a commitment to promote multi-polarity in world politics and oppose all attempts at unilateralism.⁴⁷ Like the foreign policy of its predecessor (NDA), the foreign policy of UPA government was also guided by a sense of realism in response to the emerging global environment. The major aim was to build a diverse relationship with the rest of the world, based on a contemporary assessment of bilateral, regional and global geo-political

and economic environment. Thus, the UPA-I Government formulated its foreign policy approach towards China on the basis of power politics and in consonance with the existing global power relationships. In this direction, the signing of Nuclear Deal with USA in July, 2005 was a landmark event. The USA recognized India as a nuclear power which was to get same benefits as other nuclear weapon states. The Indo-US cooperation was also enhanced in other fields like terrorism, economy, science and technology and other field. But on the other hand, these growing close relationships between India and USA were not allowed to hinder in any way the friendly relations with China. The bilateral relations were continued with the visit of India Chief of Army Staff (COAS) to China on December, 2004. His visit to China gave a boost to the growing military contacts between India and China. Moreover, as part of Confidence Building Measures (CBM's) interactions between the border personnel on both the sides were organized.

In order to enhance further the bilateral relationship between the two states, the Chinese premier Wen Jiabao visited India in April, 2005. While speaking in India for the Sino-India cooperation in hi-tech industries, Wen stated that cooperation is just like two Pagodas (temples), one hardware and software. Combined we can take the leadership position in the world. He further stated that the 21st century will be the Asian century of IT industry.⁴⁸ During his visit, the Chinese President/premier formally recognized Sikkim as a part of India. Thus Sikkim ceased to be an issue in the Sino-Indian relations. In the Joint Statement, signed by premier Wen Jiabao and Prime Minister Dr. Manmohan Singh, both sides agreed to establish a strategic and cooperative partnership for peace and prosperity.⁴⁹ For the settlement of border issue, an agreement was also signed which laid the guidelines for the resolution of border issue.⁵⁰ It was further agreed that the border issue should not be allowed to affect the overall development of bi-lateral relations.

The main aim of Wen's visit to India was to promote trust and to give boost to the bilateral cooperation between the two states. It was also meant to convey India that bilateral ties with other regional states like Nepal,

Bangladesh, Sri Lanka, Pakistan, etc. will continue even if it expands its ties with India. More importantly, China also wanted to send a message to the United States that India and China could get along well despite their unresolved border issue. China was aware of the fact that India and the United States share important democratic values and certain common strategic interests and there was possibility that the United States might enlist India as a counter weight to China.⁵¹ On the other side, India has a lot of expectations from Wen Jiabao's visit to India. To begin with, India wanted that China should recognize Sikkim as an integral part of India which China ultimately did during Wen's India visit. India was also desirous of using the visit to seek more flexibility from China on border so that negotiations could move forward in a desirous manner. Moreover, India also wanted to convey to the United States that it should not assume that India would automatically participate in its balancing game.⁵² His visit was also meant to reaffirm the Sino-India views about the importance of a multi-polar world. The visit enhanced the ongoing cooperation and good will between the two states. However, the real motivator behind the increasing intimacy between India and China was trade and commerce. Bilateral trade stood at \$ 13 billion in 2004, representing 1% of China's global trade and 9% of India's.⁵³ After Wen's visit, the trade relations improved substantially as the bilateral trade crossed 50 billion U.S. dollars in 2009.

Further to create more friendly relations between India and China, it was decided during Wen's India visit to mark the 2006 as the "India-China Friendship Year."⁵⁴ For the resolution of border issue, special representatives of both the sides held discussions in New Delhi in March, 2006. The two special representatives held their discussions in a constructive and friendly atmosphere.

In order to promote cooperation in the defence field and reduce tension on the Sino-Indian border, the Indian Defence Minister Mr. Pranab Mukherjee visited China in May, 2006. During his visit, the two sides signed a Memorandum of understanding (MoU) ⁵⁵ on Defence Cooperation,

established annual defence dialogue, formalized Joint Military exercises and training programmes, counter terrorism and called for study tours by senior and mid-level officials of each other's countries. All these CBM's in the security field were reached out so that both the countries would be able to utilize their scarce resources for the overall development of their respective countries. India was also aware of the fact that China despite its being a source of arms supply to Pakistan, was interested in building good relations with India. Asked if India and China could jostle for supremacy in future, Mr. Mukherjee agreed that China's economic strength is more compared with India's but the impression that they have outspread us in the region or on the world stage is not correct. They are playing their role and we are playing ours.⁵⁶ Further, he said that world has enough space for both the state to flourish without collusion. So far as the economic relation was concerned, India was following a policy of closer economic engagement with China. The trade with China showed a rapid increase. It approached \$ 25 billion in 2006, making China India's second largest partner and India China's tenth largest partner.⁵⁷

To give further boost to Sino-India relations, the China's president Hu Jintao visited India in November, 2006. Both the governments attached great importance to this visit because this was the first visit by a Chinese President to India since President Jiang Zemin's visit in 2006. The visit highlighted the resolve of both countries to work towards the further consolidation and diversification of India-China relations. Moreover, in order to promote the sustainable socio-economic development of India and China and to further reinforce their strategic and cooperative partnership, the two sides issued a Joint Declaration containing the following ten pronged strategy.⁵⁸

- (a) Ensuring Comprehensive Development of Bi-lateral Relations.
- (b) Strengthening Institutional Linkages and Dialogue Mechanism.
- (c) Consolidating Commercial and Economic Exchanges.
- (d) Expanding All-Round Mutually Beneficial Cooperation.
- (e) Instilling Mutual Trust and Confidence through Defence Cooperation.
- (f) Seeking early settlement of outstanding issues.

- (g) Promoting Trans-border connectivity and cooperation.
- (h) Boosting Cooperating in Science and Technology.
- (i) Revitalizing Cultural ties and nurturing people to people exchanges.
- (j) Expanding cooperation on Regional and International Stage.

Thus, Hu Jintao's visit to India was an important milestone in bilateral relations. The visit indicated that both sides wanted to keep the irritants aside and move forward to promote cordial relations with one another. The year 2006 was infact an important year in the Sino-India bilateral relationship because it was celebrated as a "China India Friendship Year"⁵⁹ and further witnessed the signing of MoU on Defence Cooperation which was a major step in bilateral relations. However, there were many apprehensions on both sides that the Indo-US nuclear deal, China's continuing defence assistance to Pakistan and the Changing East and South Asian landscape may retard the pace of their bilateral relationship.⁶⁰ Though the above analysis is true to some extent but there was also greater willingness and convergence of interest to carry forward the bi-lateral relations between the two states. For resolving the border issue through consultations and peacefully, the Ninth Round of talks between the special Representatives of India and China was held in New Delhi from January 16-18, 2007.⁶¹ The two special Representatives⁶² continued their discussions on a framework for the boundary settlement on the basis of the Agreement on political parameters and guiding principles. It was also decided that unless and until, border issue was not resolved amicably and peacefully, both sides shall maintain peace and tranquillity in the border areas in accordance with the agreements of 1993, 1996 and 2005.

Furthermore, if the year 2006 was celebrated by both the states as 'Friendship Year' between India and China, the year 2007 was celebrated as the "India-China Year of Friendship through Tourism- 2007" by both the states.⁶³ The main purpose of celebrating this special year was to introduce the peoples of both the states to each other's cultural heritage and thereby enhance the cultural ties between the peoples of both the states. Moreover, the Great Wall of China and the Taj Mahal of India were adopted in the Joint

Logo that Commemorated the Friendship through Tourism Year- 2007.

On February 11, 2007 the Chinese Foreign Minister Mr. Li Zhao Xing paid an official visit to India at the invitation of the external Affairs Minister of India. The two Ministers then held extensive discussions covering bilateral, regional and international issues. Moreover, as both India and China were celebrating a "Friendship Year through Tourism- 2007" both sides decided that cooperation in Tourism and people to people exchanges would be intensified and for that purpose they decided to set up their respective tourism offices in each other's countries during 2007.⁶⁴ To add another feather in the Sino-India relations president of the Indian National Congress and the Chairperson of the United Progressive Alliance (UPA), Sonia Gandhi visited China on October, 2007.⁶⁵ She was the first world leader to meet the newly elected Chinese leadership and renewing Sino-India friendship. Among the new leadership were Communist Party Secretary Yu Zhengsheng and President Hu Jintao as CPC General Secretary as they were elected and re-elected to these posts respectively after the conclusion of 17th National Congress on October 22, 2007. Sonia held discussions with Chinese leadership on a wide range of issues both regional and global and more particularly the global trade negotiations and to work closely in World Trade Organization (WTO) for securing the interests of developing countries were also discussed. Thus, Sonia's China visit in 2007 renewed the friendly relationship that India had with China since Rajiv Gandhi's visit in 1988.

After Sonia Gandhi's China visit in October, 2007, there were reports of Chinese intrusions in the Arunachal Pradesh and Sikkim areas. The Indian Defence Minister A.K. Anthony while replying to the questions relating to these intrusions said, there was no intrusion either in Sikkim or in Arunachal Pradesh.⁶⁶ However, he added that there might have been isolated incidents arising out of the differences of perception on territorial jurisdiction between two countries and such differences of perception would be resolved through discussions. Later on, the armed forces of two countries held a joint military exercise in the second half of December in order to understand each other.

During the Chinese President Hu Jintao's visit to India in 2006, he had invited Prime Minister Manmohan Singh to pay a return visit to China which was accepted by latter. Thus, the Prime Minister Manmohan Singh paid the visit to China on 13-15 January; 2008.⁶⁷ Prime Minister Manmohan Singh's visit came at a time when the Sino-Indian relations were rapidly growing and was followed by Sonia Gandhi's visit to China last October, 2007.

While in China, he met premier Wen Jiabao and President Hu Jintao. A Joint document entitled "A Shared Vision for the 21st Century of the People's Republic China and the Republic of India"⁶⁸ was issued during the visit which outlined common positions on a number of issues both bi-lateral as well as international. It emphasizes that both sides will seek to strengthen ties while preventing differences, such as border conflict, from undermine an improving bilateral relationship. The Joint statement covers key issues including trade, international relations, energy, and climate change and security relations.⁶⁹ However, Prime Minister's visit achieved little to resolve the most contentious issues like China's support to Pakistan and the unresolved Sino-India border issue. China's military, nuclear, economic, political and diplomatic support to Pakistan is a major cause of concern for Indians. Likewise, border issue is the perpetual source of distress and suspicious among Indians. Though the special Representatives from both the sides held number of meetings till 2008 to find an amicable solution to the border issue but nothing forward progress was achieved except for holding one meeting after another. Moreover, Prime Ministers visit to disputed territory of Arunachal Pradesh soon after returning from China was a clear signal to Beijing that the border issue is far from resolved.⁷⁰ The question of Chinese claim on Arunachal Pradesh also figured in Lok Sabha on February 27, and the external Affairs Minister re-emphasized that Arunachal Pradesh is an integral part of India and the government has conveyed this fact to the Chinese side.⁷¹ The Chinese regarded the whole of Arunachal Pradesh as their own territory which they considered have been occupied by India illegally. However, despite these irritants in the bilateral relations, the cooperation in other fields continued throughout 2008. The army to army cooperation as a

part of Annual Defence Dialogue (ADD), commenced between China and India in December, 2008. The Joint Defence on Sino-India Training exercises were code named "Hand-in-Hand 2008."⁷² The Ex-Hand-in-Hand 2008 aimed at expanding and strengthening military to military ties between the two armed forces. Speaking about these military exercises, Brigadier S.K. Patiyal said, "The prime goal of the training was to acquaint the armies with each other's operating procedures and is also a part of the ongoing efforts of both nations to share their experiences and technological in curbing terrorism."⁷³

(4) UPA-II and Her China Policy

In 2009, the Congress led UPA government completed its five year tenure and fresh parliamentary elections were announced. The congress party once again emerged as the largest political party and formed the government second time in coalition with other ally political parties.

However, during the second term of UPA government, it did not like the first time, spell out a Common Minimum Programme (CMP). Instead, it announced that it would take up those policy measures which it cannot complete in its first term in office. So far as the foreign policy was concerned, the government stated that it would adhere to the path taken by the UPA-I government.⁷⁴ After coming into power, Sonia Gandhi Chairperson of India's Congress led UPA government during a meeting with visiting Chinese state Councillor Dia Bingguo, said that there exists a very solid basis for developing friendly and cooperative relations between India and China.⁷⁵ On this occasion, she also said that as the 60th anniversary of establishment of diplomatic relations between India and China is nearing, the peoples of both states should increase people-to-people contacts for enhancing cordial and friendly relations between two states. On the other side Dia Bingguo also conveyed special greeting from Chinese leaders to the UPA for winning a second term of government in the general elections in 2009.

The strategic and cooperative partnership for peace and prosperity between the two states continued in 2009 with the close and high level exchanges. On 15th June, president Hu Jintao met with Prime Minister

Manmohan Singh on the sidelines of the Shanghai Cooperation Organization (SCO) Summit and the first BRIC (Brazil, Russia, India and China) summit in Yekaterinburg (Russia).⁷⁶ Further, Chinese premier Wen Jibao met with Prime Minister Manmohan Singh during the Summits of East Asian leaders in Hua Hin and the United Nations Climate Change Conference (UNCCC) on 24th October and 18th December respectively.⁷⁷ It was thought by both sides during these meetings that good neighbourly relations and mutual cooperation were necessary for the peace and stability not only in Asia but also in the whole world. Besides political contacts, the military, economic and cultural contacts continued throughout 2009. However, amidst these growing relations between the two states, the relations deteriorated from the mid-2009 over a range of issues like Chinese incursions into the Indian territory, China's claim of Arunachal Pradesh as being a part of South Tibet, China's issue of stapled visas to the residents of Jammu and Kashmir and China's highway construction in the Pakistan occupied Kashmir (POK). For the encirclement of India, China has already built ports in the Indian periphery. The most important port which China have build around India are Gwadar in Pakistan, Marao in the Maldives, Hambantota in Srilanka, Sittwe in Myanmar, Chittagong in Bangladesh, and Coco Islands in Burma.⁷⁸ Likewise, China attempted to block a \$2.9 billion loan to India from the Asian Development Bank (ADB) which was meant for Arunachal Pradesh for the apparent reasons. Alarmed by these moves, India started to build-up the roads and air fields on its borders with China. Further it deployed to the north-east two divisions of mountain units and a squadron of Sukhoi 30 MKI. With these moves, the atmosphere on Sino-India border became very tense and recalled the days of 1962.

However, regional, global and more importantly economic compulsions once again compelled both the states to soften their attitude towards each other, since both countries saw trade and economic contacts as the main factors in their bilateral relations. It was in this context that the Chinese premier Wen Jiabao's visit to India on December, 2010 provided another opportunity for both the sides to rethink the current status of their

relationship and reassess the vitality of the relationship both in the global and bilateral context. In the Joint Communiqué,⁷⁹ the two sides reaffirmed their commitment to abide by the basic principles concerning the development of India-China relations set-out in the Declaration of principles for Relations and Comprehensive Cooperation between India and China in 2003, the Joint Statement of India and China in 2005, the India and China Joint Declaration of 2006 and Shared Vision for the 21st century of India and China of 2008. Further, they decided to enhance strategic communication, broaden cultural exchanges and deepen the India-China strategic and cooperative partnership for peace and prosperity on the basis of the five principles of Panchsheel. It was also decided to set a new bilateral trade target of \$100 billion by 2015. However, analyzing deeply the visit of Wen Jiabao's to India, it becomes clear that the visit was limited to strengthening relations in the economic field and ignoring the geo-political and geo-strategic issues that are the major irritants in the Sino-Indian relations. Here the question is to what extent economic cooperation can overshadow political issues in the future. It mainly depends on how rising China manages its economic diplomacy to counter the China threat theory and to what extent India maintains its independent foreign policy approach vis-à-vis China, without allowing itself to be part of any U.S. containment strategy in the region.⁸⁰

Conclusion

Thus, with an India-China emergent rapprochement that focused on economic and de-emphasizing their border issues have transcended bilateral issues and have acquired a global and strategic perspective.⁸¹ It is for this reason that there has been talk of '(Chindia)'.⁸² Therefore, while there are still some issues between India and China (most notably the border issue) both nations are experiencing an unparallel convergence of interests in the rapidly changing economic, political and strategic environment.

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20. Harsh V. Pant, *op. cit.*, (as cited in Andrew Scobell, *China and Strategic Culture*).
21. Ibid, (as cited in the election Manifesto of NDA, <http://www.bjp.org>)
22. Here the problem is that those holding the status of power are tempted to control institutions by awarding their close loyalists without taking their merit, competence and integrity into account
23. Kashev Mishra, *op.cit.*, p/ 135
24. In May, 1996 national elections, the Bhartiya Janta Party (BJP) emerged as the single largest party in Lok Sabha. Under the Prime Ministership of Vajpayee the BJP coalition remained in power for only 13 days. To avoid another round of elections, a 14 - party coalition led by the Janta Dal formed the United Front Government. (Dhiraj Srivastava, *India's Foreign Policy and its Neighbours*, ABD Publishers, Jaipur, 2007, pp. 166-168).
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27. Subhash Shukla, *op. cit.*, p.240.
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32. This time the main reason of BJP's success in parliamentary elections was its successful conclusion of Kargil war with Pakistan.
33. With the disintegration of Soviet Union, India lost a trusted friend (USSR)

which was a main source of strength for India's Foreign Policy and this compelled India to reassess its security and strategic calculations.

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42. Among the new leaders were Premier Wen Jiabao, President Hu Jintao, NPC Chairman Wu Bangguo and CMC Chairman Jaing Zemin.
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46. M.R. Biju, *op. cit.*, p.1
47. See, Common Minimum Programme (Election Manifesto of UPA), <http://www.panjab.org.uk/english/cmp.htm>
48. Dhiraj Srivastava, *op. cit.*, p.167
49. See, India-China Relations, <http://www.mea.gov.in/mystact.phd?id=50042452>
50. It was the result of deliberations of Special Representatives of both the sides which were established in 2003.
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52. At present, both India and China value their independent relationship with U.S.A. and it is unlikely to change in near future or long. (Ibid. p.3)
53. Pramit Mitra and Drew Thompson, China and India Rivals or Partners?, *Eastern Economic Review*, 2005. Retrieved Nov. 23, 2010, from http://csis.org/files/media/csis/press/0504mitrathompson_feer.pdf
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55. This MoU was very significant in institutionalizing exchanges between the leaders and high level functionaries of the Defence Ministers and the armed forces of the two countries.
56. Avtar Singh Bhasin, *op. cit.*, pp. 933-934, Document No. 211.
57. Surya Narayan Yadav and Indu Baghal, *op. cit.*, pp. 232-233.
58. Avtar Singh Bhasin, *op. cit.*, pp. 952-956, Document No. 220.
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62. India was represented by Shri M.K. Narayan (National Security Advisor) while as China was represented by Mr. Dai Bingguo (Vice Foreign Minister)
63. Ibid, p.1523, Document No. 334
64. Ibid, pp.1528-1529, Document No. 335
65. Earlier Sonia Gandhi has visited China on December, 1988 along with her husband Rajiv Gandhi which normalized the Sino-India relations after the setbacks in 1962
66. Avtar Singh Bhasin, *op. cit.*, p.1554, Document No. 347
67. Dr. Manmohan Singh was the fifth Indian Prime Minister to visit China.

68. Avtar Singh Bhasin, *India's Foreign Relations- 2008 Documents Part I*, Public Diplomacy Division Ministry of External Affairs, Geetika Publishers, New Delhi, pp. 1546-1549. Retrieved June 27, 2011, from [http://meapublication/foreign relations 2008.pdf](http://meapublication/foreign%20relations%202008.pdf)
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75. See, Indian Congress leader Sonia Gandhi Expresses Wish to Enhance Relations with China, 2010, http://in.china_embassy.org/eng/sgxw/2009/t577688.htm
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CHAPTER-IV

*MAJOR AREAS OF COOPERATION
AND CONFLICT BETWEEN
CHINA AND INDIA*

Chapter IV

MAJOR AREAS OF COOPERATION AND CONFLICT BETWEEN CHINA AND INDIA

The chapter under the study does not seek to trace out the evolution of the relationship between the People's Republic of China and the Republic of India as it has been substantially analysed and discussed in the preceding chapter. Here an attempt has been made to elucidate whether China's and India's paths will lead them to interact as rivals or partners.

After a brief study and analysis of the internal and external compulsions in both the states towards forging the close and cooperative relations, the chapter concludes by asserting that despite conflicting interests and competitive interactions that currently characterise the bilateral relations between these two states, a collaborative but still delicate scenario in which both the states play a leading role is more likely to happen.

China and India, the two largest developing countries in the world, share a number of interests especially in the field of domestic development, and economic reform. They are experiencing a period of rapid economic growth. However, both the states are also struggling to define their role in the world given their new profound influence on the global economy. Both promote the notion of a multi-polar world in which they each may serve as major international players alongside the United States.

So far as the China is concerned, its strategic interests in India follows from its desire to maintain a peaceful international environment, create friendly relations with the nations and especially with neighbours, prevent any attempt towards the formation of anti-china blocs and finally develop new markets, investment opportunities and resources to fuel its economic growth. It also wants to address its critical domestic problems in a coherent manner. To achieve all these objectives, it is necessary for China to have

friendly relations with India, despite India's growing political and strategic relations with the United States in recent times.

On the other side, India's own focus on internal development encourages it to cultivate positive relations with China. However, the attitudes within India towards forging cordial relations with China remain mixed to some extent due to the historical legacy of Indo-China relations. While the left parties such as the communist party of India (Marxists) has always sought the friendly relations with China, but the right wing parties and some people within the security establishment view china as a major security threat.

Though the above analysis shows a trend of mutual trust and respect between China and India, but the growing competition between the two states to affirm their presence from an economic, political and military point of view in Asia and other parts of the world constitutes the other side of the same coin. From this perspective, it would be pertinent here to state these areas in which both the sides compete with each other and which is a major source of distrust, suspicion and misunderstanding between them and also those areas where there is possibility of convergence of interests through which both the states can cooperate with each other to harness the mutual benefits from such cooperation. In the end, as earlier stated, the chapter concludes with the assertion that despite conflicting and divergent interests and competitive interactions, a collaborative scenario in which both China and India will play a leading but cooperative role is more likely to happen.

Bilateral Issues between China and India

There are various issues which still affect the Sino-India relations, the border and Tibet issues are more prominent and recently, the water issue has also surfaced in the bilateral relations between China and India. These bilateral issues will affect not only future relations between the two, but also the process of their rise and then peace and stability in the Asia and ultimately in the world.

Border Issue

The main problem between the two countries is the Sino-India border question, which is a historical one. The Border issue is rooted in the disputed status of the McMahon Line, which defines the border between India and Tibet according to 1914 Simla Convention between British India and Tibet. India recognises this agreement as the basis for its territorial claim while China outrightly rejects the validity of this agreement because it does not recognise Tibet as a sovereign entity and treats it as a part of China. India claims 43,180 square kilometres of Jammu and Kashmir occupied by China including 5180 square kilometres ceded to China by Pakistan under a 1963 Sino-Pakistan boundary agreement. On the other hand, China claims 90,000 square kilometres of territory held by India in Arunachal Pradesh.¹ There has not been a remarkable progress in resolving the border dispute between the two sides due to the importance of Aksai Chin to China and Arunachal Pradesh to India.²

After their brief border conflict in 1962, relations remained hostile between China and India for several decades. India's grant of statehood to Arunachal Pradesh in the late eighties (February 1987) which China claims as a part of South Tibet caused the friction in the bilateral relations to such an extent that another border war seemed imminent. China demanded major territorial concessions in populated areas of Arunachal Pradesh particularly Twang because Chinese claim it to be central to Tibetan Buddhism given that the sixth Dalai Lama was born there.³ In the same way, as China seeks return of Arunachal Pradesh on religious grounds, India seeks the return of the sacred Mount Kailash Mansarovar in Tibet, since it is a sacred place associated with the Hindu religion.⁴ However, ease on border and overall border relations began to improve following the border agreements in 1993 and 1996 between India and China.⁵ Since then, both sides have agreed to keep working on the border issue and resolved that any disagreement on border issue should not be allowed to affect the overall bilateral relations. The two sides have also pursued Confidence Building Measures (CBM's) along

the border which includes mutual troop cut, regular meetings of local military commanders and other confidence enhancing measures. Further, an additional step was taken to solve the Sino-India border issue in 2003 when both the sides appointed Special Representatives to address the border issue. Since then, the Special Representatives have held a number of talks to resolve the border issue, but so far no breakthrough has been achieved. Here the main reason has been that the unsettled border provides China the strategic leverage to keep India uncertain about its intentions and nervous about its capabilities and ensuring India's good behaviour on issue of vital concern to China. Further, an unsettled boundary also suits Chinese interests for the present because China's claims in the Western Sector are complicated by the India-Pakistan dispute over Kashmir, and China's interest to keep India under strategic pressure on two fronts – China and Pakistan.⁶ Moreover, it should also be taken into consideration here that although India has recognised Tibet as a part of China, at the popular level, there remains significant sympathy for the Tibetan cause within India. Further, the presence of more than 1, 00,000 Tibetan refugees in India and India's continued willingness to provide shelter to the Dalai Lama is a continued source of irritation in Sino-Indian relations.⁷ Due to the nationalist feelings among the peoples of both the sides and the national security considerations and interests, neither side is willing to give away their claims to disputed territory. However, it may be once again reiterated here that from the India's point of view, "Tibet is not a critical issue in Sino-India relations because Indian government is neither abetter nor instigator of political cause of the Tibetans."⁸ For India, resolving the border issue ranks higher than the status of Tibet. That is why, during the Prime Minister Shri Atal Bihari Vajpayee's visit to China in 2003, India formally recognised Tibet as an integral part of China.

However, in recent years, China has shown more assertive policy towards border issues with India. In May 2007, the Chinese government refused a visit to an Indian official to China on the grounds that he was from Arunachal Pradesh which China considers its own territory. In addition, there

have been continued media reports of the People's Liberation Army's (PLA's) encroachments across the Line of Actual Control (LAC). This recent increasing assertiveness over the disputed borders has led to a rapid melt down in Sino-India border talks and a 'mini-cold war'⁹ on the border issue was prominently visible. Again in March, 2009 China attempted to block a \$ 2.9 billion loan to India from the Asian Development Bank (ADB) on the grounds that it was destined for development of Arunachal Pradesh.¹⁰ Continuing the claim on Arunachal Pradesh, in June, 2007 Chinese Foreign Minister again insisted that the mere presence of Indians would not dissuade China from claiming Arunachal Pradesh. On the other side, India regards Arunachal Pradesh as an integral part of Indian Union which merged with Indian Union in 1987 constitutionally and in accordance with the consent of the people of Arunachal Pradesh. Therefore, India is firm on its stand on Arunachal Pradesh and it is unlikely that India will toe to the Chinese line on this issue. Thus, border issue between China and India is one of the delicate issues and needs immediate resolution so that some long lasting peace can be brought in this part of the world.

Water issues between China and India

In the contemporary times, water is regarded as a precious commodity and is essential for human existence. That is why, its possession bestows power. The preciousness and possession in geopolitical mechanics makes water a strategic commodity and its role as a strategic asset or vulnerability cannot be over-estimated. Thus, seen in this context, water can become a source of both contention and cooperation¹¹ in the context of contemporary world.

In case of china and India, water issues are becoming major area of concern between the two states. In fact, many strategic thinkers are arguing that disputes relating to water will be major source of conflict between the two countries in the future. China's plan of constructing big dams and diverting the water of rivers to its own advantage has created discontent in India. As there are four rivers that flow from China and enter into India, the

two countries must have a better understanding relating to water sharing and other attending benefits out of these rivers. However, China's strategic advantage over these rivers makes it possible for her to counter-balance India on many other issues. A deep analysis of the water issues between the two countries is quite relevant here.

Rivers flowing from China to India

There are four rivers descending from four directions of Mount Kailash in the Ngari region of Tibet to the Indian Sub-continent.¹²

- 1) The Tackok Khabab originates in the East of Mount Kailash and flows from upper region of Ngari down to the valley of Tsang, where it merges with Kyichu River of Central Tibet following through Yarlung Dagpo and Kongpo. It then winds to the right of the Namchang Barwe Mountain into Mustang and flows through the eastern region of India becoming the Brahmaputra. It then descends into Bangladesh and finally into Bay of Bengal.
- 2) The Ma Cha Khabab originates into the South of Mount Kailash and flow from the region of Purang into Nepal and then through the state of Uttar Pradesh into India. It merges with Ganga and ends up in Bay of Bengal.
- 3) The Langchen Khabab originates in the North of Mount Kailash and flows through Dhapa Thoding of Ngari region and becomes Sutlej River flowing through Rampur and the Kannuar valley in Himachal Pradesh and then into Punjab from where it flows through Pakistan into Arabian Ocean.
- 4) The Senge Khabab originates in the West of Kailash and flows through Ngari Gar and then becomes the Indus flowing through Ladakh, Kashmir and then through Pakistan finally descending into the Arabian Ocean.

This is a brief hydrological chart of Tibet which was necessary to show for better understanding of Sino-India water issues. As stated above, the immense water resources in Tibet are a critical factor in China's Tibet policy. Further, China's territorial position on Tibet has a significant bearing on the current and future water issues with India, which is a lower riparian vis-à-vis China.

This strategic advantage of China on water resources coupled with the differing positions on Line of Actual Control (LAC) and China's claims on the

territories that are parts of India further complicate the water issues between the two. However, the more and more complicating problem is that there exist no agreements between China/Tibet and India pertaining to water resources. There is no reliable information on the present or proposed water related developments and projects in the upper regions of the rivers that flow into India from Tibet have not been addressed.

India being the lower riparian, will be vulnerable to any major storage projects planned on the Yarlung Tsangpo. Due to the political situation between two countries, it is hard to imagine China playing the role of a responsible upper riparian by releasing re-regulated flows from power houses immediately book into river. China's consumption requirements and long distance transfer of waters will undoubtedly hurt interests of not only India but also of Bangladesh.¹³ The problem gets more complicated in the absence of international law on shared waters and when one such was attempted, China voted against the convention on the Law of the Non-Navigational uses of International water courses in the UN General Assembly in 1997.¹⁴ In spite of India and China having entered into agreements in the recent past on sharing of hydrological data for flood control,¹⁵ the Chinese have not been consistent in sharing of the information. In order to build a number of water projects in Tibet including a dam on Brahmaputra, Chinese scientists have recently completed a comprehensive satellite study of cross border Tibetan rivers determining their exact sources besides measuring the length of their drainage basins.¹⁶ Besides mapping-out the course of Brahmaputra, the researchers from the Chinese Academy of Sciences (CAS) also collected details about the flow of Indus which flows through India and Pakistan and Salween and Irrawaddy rivers, which flow through Burma.¹⁷

Finally, it can be argued that India's long standing border dispute with China particularly China's claims on Arunachal Pradesh through which the river Brahmaputra flows, comes in the way of meaningful cooperation on the water issues. Here it can be said that border issue and water issues between both the two states is closely interlinked with each other. In future, China is

likely to use water as a tool to pressurize India and to extract concessions on boundary question. Thus, water will be the prime issue, apart from the border issues, that will determine the future relations between the two largest states of the world- India and China. Besides, these life sustaining rivers coming from Tibet region of China into India will be the major stimulant of cooperation or conflict between the two.

The Impact of outside countries on the China-India Relations

So far as the external factors are concerned that may impact the future Sino-India relations, Pakistan and U.S. are more prominent. While Pakistan is an immediate one with limited regional influence, the U.S. remains a long-term one with global meanings. The interconnection of relations between China, India, U.S. and Pakistan i.e., Indo-US, Sino-US, and Sino-Pak has a special bearing on the relationship between China and India.

The Pakistan Factor in China-India Relations

The China's unique relationship with Pakistan and particularly the former's nuclear and missile assistance to the latter has been regarded by India as a part of China's strategy to contain India within the sub-continent.¹⁸ However, China has always denied that its special relation with Pakistan is aimed against India and further maintains that it had developed its friendly relations with India and Pakistan under the same 'Five Principles of peaceful co-existence.'¹⁹ Further, it holds that China does not seek discord between India and Pakistan nor does it want to reap advantage from Indo-Pak confrontation.²⁰ The special relationship between China and Pakistan developed especially in the post 1962 Sino-India war years. After that, both the states developed a strategic alliance which continued even after the end of Cold War and still continues uninterruptedly. The main reason and motive of such a long lasting strategic partnership can be summarised as:

- (a) To deny strategic space to India in the South Asian region,
- (b) to request for oil from the gas reserves in Baluchistan province of Pakistan,

- (c) **To obtain information** on technologies of western weapons acquired by Pakistan and Pakistan's help in neutralising Islamic terrorist elements in Xingjian.
- (d) To use Gwadar for access to West Asia and keeping track of U.S. naval ships in the Gulf, and
- (e) To seek a land route in the event of Malacca straits being denied to them. In recent years also, China's relationship with Pakistan has been further motivated by its desire to extend its influence into South and Central Asia in order to maintain a stable periphery; gain easy access to markets and natural resources and maintain friendly relations with the Muslim countries for reducing the Islamic insurgency as already said in Xingjian province.²¹

Therefore, it becomes clear from the above discussion that Sino-Pak relationship is multi-dimensional and China will continue to maintain close relations with Pakistan because of the combined strategic and political advantages it receives from its relationship with Pakistan. Above all, Pakistan is the only country that can prevent the Indian hegemony, thus fulfilling a key strategic objective of China's South Asia policy.²² It is due to this strategic importance of Pakistan that the relationship between the two has been often described as an "all-weather relationship."²³ Further during his November, 2006 visit to Pakistan, President Hu Jintao described the relationship between Pakistan and China as, "higher than the Himalayas, deeper than the Indian Ocean and sweeter than honey."²⁴ However, due to recent developments in the region especially India's growing economic and strategic potential in the wake of improving Indo-US relations on the one hand and on the other, China's desire to maintain amicable relations with all states along its periphery, has motivated China to adopt a more balanced approach towards its relationship with India and Pakistan. This shift in China's foreign policy is reflected over the issue of Kashmir. From 1999 (Kargil Conflict between India and Pakistan) onwards,²⁵ China had adopted a neutral position over Kashmir issue rather than siding with Pakistan. However, it must be reiterated here, that China has not completely abandoned its traditional loyalty to Pakistan. China continues to use the 'Pakistan card' in showing its displeasure over Indian behaviour. Moreover, China's offer to support Pakistan's civilian

nuclear programme following the conclusion of the Indo-U.S. Civil Nuclear deal testifies to the fact that China continues its two track approach i.e., to engage India economically and also not to displease its historical partner (Pakistan). China continues to supply different types of weapons to Pakistan ranging from Light Machine Guns to Aircrafts.²⁶ It is due to this wholesale transfer of weapons by China to Pakistan that K. Subrahmanyam, a noted defence analyst noted that 'Islamabad derives its capability to threaten India from China.'²⁷ Further to give boast to Pakistan's stand on Kashmir, China has recently once again changed its Kashmir policy when it began issuing stippled (irregular) visas for the residents of Jammu and Kashmir and in 2010 shocked India by denying a visa for the Indian Army General in charge of the northern areas.²⁸ It clearly reflected that China wanted to reopen an issue that was thought to be settled in the last decade. Thus, after a brief analysis of Pakistan's influence on Sino-India relations, it can be observed that after the Sino-India border issue, Pakistan is the major factor which continues to be the major source of irritant in the Sino-India relations and the continuing growing multi-relationship between China and Pakistan is the perpetual source of conflict, suspicion, distrust and apprehension in the minds of Indians.

The U.S. Factor in China-India Relations

The U.S.A. as the sole super power is deeply engaged in South Asia with its military presence in South and Central Asia due to war against terrorism and plays an important role in the Sino-India relations. The U.S.-China-India strategic triangle has been seriously taken by all the three countries. The U.S. plays a complex role in this strategic triangle and has a lot of influence on Sino-India relations. When one country tries to forge the close relations with U.S., it increases the apprehensions in the other country. The above statement can be illustrated with an example; when in June, 1998 U.S. President Bill Clinton visited China; it increased the apprehensions among Indians about the prospects of a Sino-American joint hegemony over the sub-continent. On the other hand, warming relations between India and the U.S. in the 21st century raised the apprehensions in China about India joining the

American containment plan against China.²⁹

Thus, from the above analysis, it becomes clear that China and India are sensitive towards the improvement of relations with U.S.A. In such a confusing situation, U.S. can play the India-card in its dealings with China or can play the China-card in developing its relations with India.

For India, it is possible to make use of the U.S. factor in dealing with China because both share the same challenge of a rising China to their respective domains in the world and South Asia. It was with this consideration that there was talk of U.S.-India plus Japan and Israel, "Asian NATO" or "Asian Democratic Union". However India also knows that the U.S. and Chinese interests in their mutual relationship are more than that of India. That is the main reason that neither China nor U.S. will be ready to oppose each other for India.

Chinese on the other side held the perception, that India by virtue of its geo-political situation, naval capabilities, and unresolved bilateral disputes with China, is an ideal country for the U.S. to have it (India) on its side in the eventuality of any conflict with China.³⁰ China still is not clear that whether India will side with U.S. against China or join China and Russia for a multi-polar world order against the uni-polar world dominated by U.S. However, China views the U.S. attempts to develop a strategic relations with India since 2001 as an attempt to develop a strategic relations with India to contain China. In June 2005, India and U.S. signed the New Framework for the U.S. - India Defence Relationship paving the way for joint weapons production, cooperation on missile defence and in other military fields. Due to China's growing dependence on oil imports particularly through the Indian Ocean, the Indo-U.S. joint military cooperation in this area has become a particular source of concern for China. Further, China also expressed her discomfort over the Indo-U.S. Civil Nuclear deal in March, 2006.³¹ The conclusion of this nuclear deal between India and U.S. was compared by Chinese analysts to the 'Strategic tilt' towards China executed by former U.S. President Richard Nixon in 1971 to contain the Soviet threat³² and warned that such

developments have negative and destabilising implications for their country's future. However, later on, China softened its attitude towards this agreement, realising that constant opposition can create irritation in the bilateral relations between China and India on the one side and China and U.S. on the other side. In both these cases it was not good for Chinese economy. Here, an important question arises that will India really align itself with U.S.A. or any other power to contain China? The answer will be in negative because as a legacy of non-aligned country and independent foreign policy, India has always distanced itself from open alliances particularly those which are perceived as counter-balancing other countries.³³ That is why, India has always kept itself aloof from both China- centred forums such as the Shanghai Cooperation Organisation (SCO) and U.S.- centred organisations such as the Proliferation Security Initiative (PSI) and the U.S. Japan-Australia Trilateral Strategic Dialogue.³⁴

Thus, according to Surjit Mansingh, the key difference is to be found in the respective equations between the U.S. and China on the one hand and the U.S. and India on the other.³⁵ He further states that, China's investment of effort, time and money in cultivating good will or limiting opposition in the U.S. is enormous; India's is not. For historical reasons, American perceptions of China, despite distortions, reflect greater respect than equally muddled perceptions of India. International status is another important difference. As a permanent member of the UN Security Council, a recognised nuclear weapons power with a spectacularly dynamic economy, China appears to deal confidently on terms of political parity with the U.S., India does not".³⁶ In such a complex situation, India will maintain its strategic importance/independence by following a multilayered approach combining both cooperation and competition with China in a way that serves its own unique political, economic and security interests.

Regional Cooperation and Competition between China and India

In the 21st century, the rise of China and the emergence of India in terms of economic growth and military build-up will certainly have an inevitable regional implication. There are at least three sub-regions – namely, South Asia, South East Asia, and Central Asia where the economic, military, political and energy interests of both the states have met or will meet

(I) South Asia

In the South Asia, except Bangladesh, Sri Lanka and Maldives, China shares borders with almost all the South Asian states that is Pakistan, Nepal, Bhutan, and Myanmar. This geographical intimacy between China and South Asian countries makes the South Asia a special area in the Chinese foreign policy considerations. India views Chinese activities mostly its military doctrines or economic interests in the South Asian region as a matter of concern. Both, China and India, the two rising Asian giants are and will compete for attracting smaller countries and strengthening and enhancing their respective influence in the South Asian region. In this regard, John W. Graver argued that while India believes that the sub-continent and its environments are its natural security zone, China believes that it cannot let India exercise dominance on its southern borders.³⁷ The widening and deepening defence cooperation between China and India's immediate neighbours are perceived as encircling India. In this regard, Nepal, Bangladesh, Bhutan, and Sri Lanka which are perceived by India to be within its territorial sphere of influence, have deepened their ties with China. In these states, India exercises considerable influence in domestic politics and has always opposed outside power's involvement.

Thus, it is in this context that India has always seen itself as the prime power in South Asia and is not willing that China might also have an interest in South Asia while on the other side, China is rapidly strengthening its presence in the Indian ocean and South Asia. The 'string of pearls' a nexus of Chinese geopolitical influence or military presence along its sea lines of

communication is seriously viewed in India because the Indians view that the Indian ocean can be used as a source of power projection against India and that Indian sea lines could themselves be severed in the event of war.³⁸ General Lhao Nangi was quoted in 1993 as saying that China would extent its naval operations farther than the South and East China sea to check attempts by India to dominate the Indian Ocean and other regional waters. He further said, "this is something which we cannot accept.... we are not prepared to let the Indian Ocean become India's ocean."³⁹ Though, China has been granted an observer status in the South Asian Association of Regional Cooperation (SAARC) during Dhaka Summit in November, 2005 (besides China, the European Union, Japan, Republic of Korea and United States are also observer nations) but still both are viewing at each other with suspicious motives concerning this region.

(ii) South East-Asia

South East Asian Region has been historically an area of competition and influence between China and India due to their overlapping and conflicting interests in this region.

The then Prime Minister of India Atal Bihari Vajpayee on November 9, 2002 stated at the Cambodian capital Phnom Penh that there was a competition between India and China in cultivating the relationship with the ASEAN nations and that this competition was healthy.⁴⁰ Thus, India openly regarded China as a competitor in the East Asian region, not only in economic terms but also in security related areas.

In the initial stage, China did not have good relations with most of the East Asian countries, but with the dawn of 21st century, China is attempting to tie-up with ASEAN⁴¹ countries to increase its economic and political influence in the area and on the other hand, India is following the same path in the region. With the conclusion of Free Trade Zone agreement between China and ASEAN, India followed the same path with a 'me too' policy of signing a similar agreement with ASEAN. When China began to hold every year summit with all South East Asian countries in 2000 within the framework of

ASEAN-1 and ASEAN-3 on various bilateral issues,⁴² India also, in the effort to strengthen its Look East Policy, held annual summit with ASEAN. So far as the ASEAN Regional Forum is concerned (ARF) ⁴³, China has actively taken part in its activities since late 1990's while India joined ARF in the mid 1990's.

However, in this tussle between China and India to gain more and more strategic, economic and political influence in ASEAN region, it must be noted here that China has more intimate relations with ASEAN than India. It is reflected from the gradual rise of trade between China and ASEAN which increased from US \$390 million in 1976 to US \$7959 million in 1991 and again in 2004, it reached to US \$94.54 billion making ASEAN China's fifth largest trading partner.⁴⁴ This is also reflected from the fact that China was the first non-ASEAN country that joined the Treaty of Friendship and Cooperation for South East Asia in 2003. Moreover, China and ASEAN are also cooperating with each other in wider regional organisations such as Asia Pacific Economic Cooperation (APEC) ⁴⁵, Council of Security Cooperation in Asia Pacific (CSCAP), and Asian Cooperation Dialogue (ACD). In addition to it, Chinese communities also play a bigger role than Indian ones in ASEAN countries.

It is also observed that China does not want India to emerge as an equal competitor in South East Asia. This realisation was further strengthened from China's opposition to India's membership in ASEAN (Asia-Europe Summit), APEC (Asia-Pacific Economic Summit).⁴⁶ That is why, India has on her own part started cultivating strong relations with Thailand which is regarded as one of the most important countries which can help India to forge close relationship with ASEAN. Similarly, India is also strengthening its ties with Myanmar in the energy and trade sectors so that it did not fall under China's influence. Similarly, India is also enhancing its commercial relations with Malaysia, Indonesia and Singapore for rebalancing Chinese influence in the area. Thus, from the above analysis it is evident that India and China have both conflicting as well as overlapping interests in the South East Asian region with China having deeper and stronger links with ASEAN.

(iii) Central Asia

So far as the Central Asia is concerned, the relationship between India and China are same as are in the South East Asia that is, overlapping and differing interests. The Central Asian region is mostly important for its geo-strategic location and rich natural resources. China and India as rising powers need energy security to fuel their economies and in this regard Central Asia is given pre-eminent place in the foreign policy making of both the states. The importance of this region enhanced after the disintegration of Soviet Union in the early 90's when there emerged a number of independent states like Tajikistan, Uzbekistan, Kazakhstan and Kyrgyzstan. China shares the border with most of these states. In order to settle mutual disputes with these states and to enhance its influence both economic and political in this newly emerged region, China initiated the Shanghai Cooperation Organisation (SCO).⁴⁷ Its main aim was to institutionalize regional cooperation with the Central Asian states and to implement the Cooperative Security Concept. In this way, this regional forum provides broad perspectives for intimate cooperation between China and Central Asian states. However, this rapidly growing influence of China in the Central Asian region is of prime concern for India. India believes that the real motives of China in SCO are to bring the new states under its strategic fold. So far as India's joining of SCO is concerned, there are both positive as well as negative views about it in India.⁴⁸ Thus, from the above analysis it can be concluded that like South and South East Asia, in Central Asia also, China has upper hand vis-à-vis India and it has become more prominent with the establishment of SCO. There are two reasons for such a close and deep relationship between China and Central Asian countries which India does not have;

- a) Close geographical proximity between China and Central Asian countries, and
- b) Chinese huge investment in the infrastructure development within these countries.

However, in recent years, India has also intensified its efforts to forge cooperative relationship with these countries. There are plans to supply gas

from these countries to India via Afghanistan, Pakistan and China. In future also, there is chance of competition and cooperation in this part of the world as both India and China are the major energy consumption countries, both of them will try to enhance their influence in this region more and more.

Cooperation or Competition in the Economic and Energy Fields

Another two important areas, where there are chance of both cooperation as well as competition between China and India are in the Economic and Energy fields.

Economic Sphere

Though, the political relations between India and China are not smooth and have been characterised by competition, suspicion, distrust and hostility towards each other, yet in the economic field there is some convergence of interests due to the internal and external factors. For example, the economic reforms in China in the late 70's and in India during the initial years of 90's and thereafter, their fast growing economic growth rates, compelled both the states to shun the political inhibitions and forge a more cooperative bilateral relationship especially in the field of trade and commerce. Moreover, as stated earlier⁴⁹ that with the end of cold war, geo-strategic and geo-political consideration were replaced by geo-economic factors - Globalisation, Privatisation and Liberalisation were the catch words of the newly emerging global economic order. The above situation has been best illustrated by Alka Acharya, "as the forces of economic globalisation have pushed the majority of the countries towards greater economic integration within an increasingly global market economy, a process of homogenisation has taken place in which countries tend to converge on a similar model of economic development, namely the modern, industrialised, open capitalist market economy."⁵⁰ It was in this context that India and China built a new economic relationship and pledged that the political issues between the two states should not be allowed to come into the way of economic relations.

Since then both the countries have expedited the process of integration in the global economy as well as bilateral economic cooperation. In the beginning of 1990, bilateral trade between China and India was \$260 million which increased to \$25 billion by 2006 and thereby making China India's second largest trading partner and India China's tenth largest partner.⁵¹ In 2008, the bilateral trade between China and India surpassed 50 billion dollars. This makes China the third largest export market for India and its single largest source of imports.⁵¹ India's exports to China are mainly natural resources such as iron ore. On the other hand, China's exports to India are primarily electronic goods and other finished goods. In spite of such a positive trend in Sino-India economic relations, there are also some limitations which can cast negative effects on Sino-India economic relations. For example, though it is argued that the China's hardware and manufacturing industries and India's software and service sector expertise can boost the bilateral economic ties between the two, but in real practice, the cooperation in this field has been limited so far. Moreover, given the Chinese impressive record of export of hi-tech products, it is argued that China may even overtake that sector also from India (software sector).⁵³ Further, trade balance has been consistently tilting against India. The major hurdles in Sino-India trade are China's non-Tariff barriers, language gap, lack of transparency in rules and smuggling of Chinese goods.⁵⁴ To complicate the situation, there is fear in India that the relatively cheaper Chinese goods might displace Indian goods in the international market due to their lower costs. Moreover, China has emerged as a major world player in strategic and economic terms with its entry into the World Trade Organisation (WTO) on December 11, 2001. Thus, from the above discussion it can be assumed that though India and China has built a new economic relationship since the end of cold war and are determined to lead it to the new heights, still there are some limitations in such economic relations which cannot be eliminated out rightly, but their negative effects can be minimised. Moreover, the above analysis also reflects that China enjoys the advantageous position in the economic sphere also vis-à-vis India. In the end, it must be reiterated that the trade related

competition between the two sides cannot be ruled out in future but at the same time, economic sphere is the only field where there are more convergence than divergence of interests since both are fast growing developing economies and this convergence of economic interests between the two can be exploited to create an environment conducive for solving more difficult bi-lateral political problems.

Energy Sphere

The sphere of energy has been dealt separately here given its importance in the China's and India's emerging economy and over all development. The sustained growth rate of their economies depends to a large extent on the uninterrupted supply of energy like oil and gas as both are major energy importer countries. In 2001, the total energy consumption of China and India was 39.7 and 12.7 respectively in Quadrillion British thermal Units and it is estimated that this figure will increase to 60.3 in case of China and 23.5 in case of India, by 2025.

TOTAL ENERGY CONSUMPTION (Quadrillion British Thermal Units)

Country	2001	2025	Average Annual percent growth
Japan	21.9	23.3	0.3
China	39.7	60.3	1.8
India	12.7	23.5	2.6

CONSUMPTION OF OIL (Million barrels per day)

Country	2001	2025	Average Annual percent growth
Japan	5.4	6.5	0.8
China	5.0	10.9	3.3
India	2.1	5.5	4

**CONSUMPTION OF GAS
(Trillion Cubic feet)**

Country	2001	2025	Average Annual percent growth
Japan	2.8	3.6	1
China	1.0	6.1	7.9
India	0.8	3.4	6.1

Source: *Sergei Lounev, Russia and Asian Giants, The Problems and the Prospects of Cooperation (Energy Sphere), in Mahavir Singh (Ed.), Building A New Asia, Shirpa Publications, New Delhi, 2005, pp. 243-244.*

Hence, the energy factor assumes a crucial factor in Sino-India relations. However, in this field also, there has been competitive rather than cooperative interaction. The competition for oil assets have been witnessed in different part of the world like Ecuador, Angola, Kazakhstan and many other countries. As usual, China fared well also in this sector than India. The following table shows the competition between Chinese and Indian companies and also China's success in securing more bids than India.

Sino-Indian Energy Cooperation vs. Competition

Competition Asset	India's Bid	China's Bid	Winner	Date
Sonangol- 50% stake, offshore block 18 (Angola)	ONGC- \$310 million	Sino PCC- \$725 million	China	Nov 04
Petrol Kazakhstan (Kazakhstan)	ONGC- Mittal \$3.9 billion	CNPC- \$4.18 bid	China	Aug 05
En Cana Corp (Ecuador)	ONGC- \$1.4 billion (bid with drawn)	Andes Petroleum (CNPC, CNOOC) \$1.42 billion	China	Sept 05
South Atlantic Petroleum- 45% stake (Nigeria)	OVL- \$2 billion (bid withdrawn)	CNOOC- \$2.3 billion	China	Jan 06

Notes:

CNPC	-	China National Petroleum Corporation (China)
CNOOC	-	China National Offshore Oil Corporation (China)
ONGC	-	Oil and Natural Gas Corporation (India)
OVL	-	ONGC Videsh Limited (India)

Source: *Derek J. Mitchell and Chietigj Bajpae, "China and India", p. 169, at <http://csis.org/files/media/csis/pubs/090212-08China-india.pdf>*

The Chinese success has not been because it has offered higher bid than India but because of its tactics and above all abilities to integrate financial incentives with aid, infrastructure projects, diplomatic incentives and arms packages. Furthermore, in most of the bids Chinese companies have felt it more convenient to join hands with the Western partners than with their Asian neighbour, India.

However, in recent years, there have been some particular occasions when both the sides cooperated in this field also. This is reflected from the way, Chinese and Indian companies have cooperated in developing energy assets in Iran, Sudan, Columbia, and Syria and many other countries. The limited cooperation between Chinese and Indian companies can be illustrated from the below mentioned table.

Cooperation Asset	Sino-Indian Bid	Date
Greater Nile Oil Project (Sudan)	OVL- 25% (\$750 million), CNPC- 40% (\$441 million)	OVL-March 2003, CNPC- 1996
Petro-Canada-37% (Syria)	\$573 million (OVL-CNPC- Himalaya Energy)	Dec - 05
Omimex de Colombia Ltd- 50% (Colombia)	\$850 million (OVL- Sinopec)	Aug- 06
Yadavaran oil field (Iran)	Sinopec- 51%	Sept- 06

Notes:

CNPC	-	China National Petroleum Corporation (China)
CNOOC	-	China National Offshore Oil Corporation (China)
ONGC	-	Oil and Natural Gas Corporation (India)
OVL	-	ONGC Videsh Limited (India)

Source: Derek J. Mitchell and Chietigj Bajpae, "China and India", p. 169, at <http://csis.org/files/media/csis/pubs/090212-08China-india.pdf>

Further, in 2006, both the states signed five memoranda of cooperation in the energy sector, pipeline projects, research and development, non-conventional sources of energy and environmental protection. Both the states also share the same interest in securing the safe sea-lanes to protect their oil imports which are often vulnerable to obstruction from Persian Gulf to the Strait of Malacca.⁵⁵ However, it should be also taken into consideration that the Chinese and India's Energy interests does not completely converge. China

is cooperating with India only in those areas where its interests can be best secured than by aligning with others. Moreover, China will not like that India should become co-equal to it (China) in the energy sector. Therefore, it becomes imperative upon India to secure, acquire and maintain energy resources from outside countries in a more coherent and systematic manner without coming into collusion with China. India should also maintain relations with the energy exporting countries on the same lines on which China maintains, i.e., to invest into the infrastructure development like roads, bridges, railways, posts, mining, airports, electricity generation and in many other areas. It will be more advantageous in the long run.

Conclusion

It can be concluded from the above discussion that Sino-India relationship can't be considered a relationship of equals because it is clear from each and every field ranging from multilateral relations with Asian countries to economic and security field where India lags behind China. The only field, in which India is ahead of China to some extent, is the software industry. However, in that field also, it is predicted that China will overtake India sooner or later due to its hi-tech products. That is why, the relationship between India and China cannot be regarded as a relation of equals. Moreover, among the geo-political factors, the 'all-weather Friendship' between China and Pakistan and the sense of competition between China and India as a rising powers may lead to hostility in the Sino-India relations. At the same time, rather than simply appearing as a counter weight to China, India would like to play a leading role in the region. Further, the Indo-U.S. strategic rapprochement would have far-reaching implications for China because in the light of improvement of Indo-US relationship, it might become even more dangerous for China to keep a hostile attitude towards India. This thinking and this attitude will ultimately compel India and China towards becoming partners rather than competitors or rivals.

In the end, it might be concluded with the remarks of Sanjoy Majumdar that, "despite all reasons for concern, distrust and dispute China

and India have over Kashmir, Pakistan, U.S., Tibet, influence in Myanmar and Nepal, many in India believe that it is possible and in fact important to do business with China.”⁵⁶ Though, there would be competition between the two, but reciprocity and cooperation cannot be out rightly ruled-out. Further, promoting common interests and reducing differences, the peaceful co-existence and peaceful rise of China and India in Asia or elsewhere in the world also need better relations and mutual understanding.

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3. See, Mohan Malik, India-China Competition Revealed in Ongoing Border Disputes, Power and Interest New Report (PINR), 2007, <http://www.gees.org/documentos/Documen-02608.pdf>
4. See, Zhang-yin wajiao guanxi, India-China Relations, p. 1145.
5. See, Appendix - II
6. Zhang-yin Wajiao guanxi, *op. cit.*, p. 1145.
7. China views that India is treating Dalai Lama in India as government in exile in Dharmasala which is just 200 miles away from China's border.
8. K.N. Ramachandran, India-China Interactions in K. Santhanam and Srikanth Kodapall (Ed.), *Asian Security and China 2000-2010*, Shirpa Publications, New Delhi, 2004, p. 287
9. Mohan Malik, *op. cit.*
10. See, Shashank Joshi, China and India: Awkward Ascents, p. 4, <http://www.sciencedirect.com/science/article/pii/S003043871100069X>
11. Here how water can led to cooperation is illustrated by the Indo-Bhutan water relations. For example, India has funded the construction of three mega hydro-electricity projects in Bhutan. The surplus power from the hydro-power projects is for export to India which helps Bhutan to earn revenue so that they can fulfil their goal of self-reliance. Hence the relationship is unique a win-win for both.
12. See, IDSA Task Force Report, *Water Security for India: The External Dynamics*, (as cited in Mt. Kailash, <http://www.ehhs.cmich.edu/~dnewby/MoutainsLessonplans.pdf>, p.9) Institute of Defence Studies and Analysis, New Delhi, 2010, p. 47
13. Ibid, pp. 48-49
14. Ibid, p. 49
15. See, 'Chapter III of the dissertation, p. 58
16. *The Times of India*, New Delhi, August 25, 2011, p-9
17. Ibid
18. Mahavir Singh (Ed.), *Panchsheel Retrospect and Prospect* (as cited in Karan R. Sawhny, "The Sino-Pakistan: Nuclear Alliance: Prospect and Retrospect" and Rajiv Nayan, "Sino-Pakistan: Missile Collaboration"), Shirpa Publications, New Delhi, p. 45.
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21. Mahavir Singh (Ed.), *op. cit.*, p. 45 (as cited in C.S. Kupuswamy, "China-Pakistan-Myanmar: The Triangular relationship needs careful watch")
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23. Derk J. Mitchell and Chietig: Bajpae, *op.cit.*, p. 163
24. Ibid.
25. Before that China supported the Pakistan's stand on Kashmir issue and in this regard supported Pakistan during the India-Pakistan conflicts in 1965 and 1971.
26. China exported \$900 million worth of arms to Pakistan between 2000 and 2004. (*SIPRI Year book 2005: Armaments, Disarmaments and International Security*, Oxford University Press, 2005). Further much of 80 percent of Pakistan's military hardware, including 60 percent of its military air craft has come from China (Ramtanu Maitra, "*China and India Aim to Extend Cooperation*") Derk J. Mitchell and Chietig Bajpae, *op. cit.*, pp. 163-164.
27. See, Business Standard, November 14, 2010, http://www.business-standard.com/india/new/bk_subrahmanyamb_beyond_cold_war_paradigms/4147421/
28. Shashank Joshi, *op. cit.*, p. 9 (as cited in Shashank Joshi, "Kashmir: There is a crowd" The World Today, 2010).
29. Mahavir Singh (Ed.), *op. cit.*, p. 48 (as cited in C. Raja Mohan, Crossing the Rubican: The Shaping of India's New Foreign Policy).
30. Ibid, (as cited in Venu Rajamony, "India-China-U.S. Triangle: A Soft Balance of Power System in the Making").
31. With the conclusion of this agreement, India was recognised as a nuclear weapons state and was to receive assistance for its civilian nuclear programme in exchange for India's promise to open its civilian nuclear facilities to international inspection and safeguard.
32. Mohan Malik, *op. cit.*
33. However it must be always remembered that in case if China or any other country challenges the national integrity and security of India and threatens its national interests, then India can adopt any means to counter such a move for the protection and preservation of her national honour and Sovereignty.
34. John W. Garver, The China-India-U.S. Triangle: Strategic Relations in the Post-cold war Era, *NBR Analysis*, Vol. 13, No. 5, October, 2002. Retrieved Oct. 18, 2011, from <http://www.nbr.org/publications/element.aspx?id=250>
35. See, Surjit Man Singh, India China-Relations in the post cold war Era, *Asian Survey*, Vol. 34, No. 3 (1994), p. 288, <http://www.jstor.org/stable/2644986>
36. Ibid.
37. John W. Garver, *op. cit.*
38. J. Mohan Malik, *op. cit.*, p. 328.
39. Ibid.
40. Mahavir Singh, *op. cit.*, p. 53 (as cited in *The Hindu* and the *Indian Express*, November 9, 2002).
41. Association for South East Asian Nations (ASEAN) which is a political and economic organisation of South East Asian nation was created in 1967.
42. ASEAN + 1 includes ASEAN and China; while as to engage China and at the same time balancing its power involving Japan and South Korea, ASEAN launched the ASEAN + 3 in 1997.
43. ARF (Asian Regional Forum) is an informal multilateral Organisation which

seeks to address the security issues in the Asia Pacific region. It was established in 1994 and among its members are ASEAN countries + China, European Union, India, Japan, Pakistan, Russia and United States.

44. Alka Acharya, 'The Strength of Weakness: The Context and Construction of Chinese Foreign Policy', in Maharaja Krishna Rasgotra (Ed.), *"The New Asian power Dynamic"*, Sage Publications, New Delhi, 2007, p. 35
45. APEC (Asian-Pacific Economic Cooperation) is a group of 21 countries whose main aim is to improve the economic and political ties between the member states. It was founded in 1989.
46. Zhang-yin waijiao guanxi, *op. cit.*, p. 1146.
47. SCO (Shanghai Cooperation Organisation) was founded in 1996 at the Chinese initiative. Initially, it was known as 'Shanghai Five' (China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan). However, in 2001, Uzbekistan joined the group as the 6th member and was upgraded to SCO. Currently, Iran, Pakistan and India are observer members. Its headquarters are at Beijing. Though, its main aim was to settle the border dispute between the member states, today it is seen as a platform to promote economic, political, and cultural and security collaboration among all its members.
48. While some people in India are of the opinion that India should join SCO, others think vice-versa. In such a situation India's response to join SCO seems to turn from eagerness to wait and watch because it (India) does not want to join any organisation regional or otherwise which will be used to counter balance any country or organisation.
49. See, Chapter No. III of this dissertation, p. 48.
50. Alka Acharya, *op. cit.*, p. 35.
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52. Shashank Joshi, *op. cit.*, p. 29 (as cited in Peter Wana Cott, "Downturn Heightens China-India Tension on Trade", *Wall Street Journal*, 2009).
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54. Most of the Chinese goods enter India via Nepal illegally.
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56. See, Thomas Biersteker and Fabio Armao (convenors), China and India: Rivals or Partners? An Analysis of The Background of the Interactions between the two Major Emerging Asian Powers (as cited in Majumder, Sanjoy, "India- China ties at a cross road," BBC News, 21 November, 2006), p. 25, http://turin.sgir.eu/uploads/Claudia-china_india_rivals_or_partners_cludia_astarita.pdf

CHAPTER-V

FUTURE PROSPECTS

Chapter V

FUTURE PROSPECTS

This chapter seeks to assess the future prospects of the relationship between the two rising giants of Asia namely India and China. As they both are rising as great powers, their mutual relationship will have a significant impact not only on Asia, but on the whole world. At present, the nature of their relationship is something mixed as mentioned in the preceding chapter i.e., growing cooperation in the field of trade and commerce along with distrust and mutual suspicion in the strategic fields whether political or geographical. Thus, it is in this above mentioned perspective, it can be asserted that the future relationship between China and India will be characterised by the cooperation in those fields whether mutual, regional, or international which may be beneficial for the peaceful rise of both the states and confrontation, competition, and even hostility in some other areas where the respective interests of both the giants clash with each other, for example, the border issue, relationship with other countries particularly US and Pakistan, their encirclement policies, competition for energy resources, nuclear arms race, etc. However, at the international level, both the countries would find convergence of interests by cooperating with each other on the issues like international terrorism, climate change, restructuring of international institutions, reducing dependence of developing countries on developed countries, taking joint stand on human rights violations, promoting multi-polar world order, and on some other fields also.

India and China Looking Towards Future

In the 21st century, India and China has emerged as the two visible powers in Asia and in the world with huge populations, growing economies and expanding markets.¹ Though their past relations were bitter and were characterised by hostility towards each other but since 1988, with the Indian Prime Minister Rajiv Gandhi's visit to China and more especially with the

dawn of 21st century, both the states began to shed their past hostilities towards each other by initiating a number of Confidence and Security Building Measures (CSBM's) in various fields like economics, politics, strategic affairs, culture, defence, etc. to stabilise their relationship. This turn of positive development was based on the mutual need to focus on social and political stability, strong economic growth and a sense of security so that each side can avoid the dangers of stagnation and decline.

The rapprochement in the bilateral relations between China and India has been viewed differently by different observers. For example, some argue that close relations between the two Asian giants can radically alter their security environment and restructure Asian geopolitics. But so far as the long term observers of Sino-India future relations are concerned, they maintain that Sino-India ties remain weak and vulnerable to sudden deterioration as a result of misperceptions, unrealistic expectations, accidents and eruption of unresolved issues.² The simultaneous rise of both China and India are bound to result in realignment of geographical equation and power relations in Asia. It is due to this complex nature of Sino-India relations that it cannot be explained in simplistic format of 'friend' or 'foe'. Instead, both constitute a mosaic of cooperation, co-existence, coordination, cooption, competition and even confrontation.³

Although, it is a recognised fact that China and India are competitors for influence and power in Asia, nevertheless, both share common goals of maintaining regional stability, fighting terrorism, taking advantages from globalisation and maintaining access to capital and markets, taking joint stand on climate change, issue of proliferation of nuclear weapons, etc. Further, mutual cooperation between China and India will be more effective in balancing U.S. influence in the region and also increase their negotiating position with the sole super power.

It is in this convergence of interests between the two Asian giants that the joint document entitled, "A Shared vision for the 21st century of the Republic of India and the people's Republic of China"⁴ was signed on January

14, 2008 at Beijing by India and China to Chart-out the future roadmap of bilateral relations between the two. The document provides that India and China (hereafter called the two sides) will:⁵

- (a) Promote the building of a durable peace and common prosperity through developing the strategic and cooperative partnership for peace and prosperity between the two countries.
- (b) For removing mutual suspicion, the two sides are convinced that it is time to look to the future in building a relationship of friendship and trust based on equality in which each is sensitive to the concerns and aspirations of the other. Such a close relationship will have a positive influence on the future of International system.
- (c) On the issue of constituting foreign policy, the two sides believe that in the new century, Panchsheel, the Five Principles of Peaceful Co-existence, should continue to constitute the basic guiding principles for good relations between all countries and for creating the conditions for realising peace and progress of human kind.
- (d) On the future of 21st century, the two sides believe that the continuous democratisation of international relations and multi-lateralism are an important objective in the new century.
- (e) On the international economic issues, both states believe that the establishment of an open, fair, equitable, transparent and rule based multi-lateral trading system is the common aspiration of all countries.
- (f) Further, the two sides are convinced that it is in the common interest of the international community to establish an international energy order that is fair, equitable, secure and stable to the benefit of the entire international community.
- (g) Further, the two sides take the issue of climate change seriously and reiterate their readiness to join the international community in the efforts to address climate change.
- (h) On the arms race, the two sides appeal to the international community to move forward the processes of multi-lateral arms control, disarmament and non-proliferation.
- (i) So far as the terrorism is concerned, the two sides pledge to work together and with international community to strengthen the global framework against terrorism in a long term, sustained and comprehensive manner.
- (j) On the question of boundary issue the two sides remain firmly committed to resolving outstanding differences, including the boundary question, through peaceful negotiation.

This document can be regarded as a blueprint for the future bilateral relation between China and India as the document stressed that the two sides are convinced that it is time to look to the future in building a relationship and trust based on equality, in which each side is sensitive to the concerns and aspirations of the other and their common and simultaneous development will have a positive influence on the future of international community. On the day its signing, Hu Shishang (Chinese scholar) wrote, "The rise of the world's two most populous nations is of a revolutionary significance" hoping that Sino-India relations should "over step limits of geopolitics" and "should especially exceed the security predicaments and grudges against each other in the history." ⁶

However, in spite of such a convergence of interests, India remains uncertain about China's long term intentions. To eliminate such future apprehensions, India's strategy for future remains three fold.⁷ India is using its growing economic strength to fund and facilitate the modernisation and expansion of its military strength and presence in its immediate and extended neighbourhood. However, along with such strategy, there is also a desire for cooperation on trade and commerce along with some shared interests like safeguarding sea lane, combating terrorism and so on. The bilateral cooperative relationship can be advantageous for both the states. In this regard, 'The Shared vision for the 21st century' as mentioned above, reflects such a sense of mutual simultaneous peaceful rising of both the states. As stated earlier, the document provides that it is the time that China and India should look to the future in building a relationship of friendship and trust based on equality in which each is sensitive to concerns and aspirations of others. That is why India's Prime Minister Dr. Manmohan Singh said, "The responsibility for the further development of China-India relations is a shared one in which besides the governments - the intellectuals, thinkers and scholars of both the states have an important role to play. It is only through a free flow of ideas and sharing of different perspectives that our two societies can build-upon the edifice of our civilisational links." ⁸

In the same vein, Deng Xiaoping (the Chinese premier) once remarked that "if China and India are developed, we can say that we have made our contribution to mankind."⁹ His observation about the importance of Sino-India cooperation has acquired more significance in the contemporary times as the world is moving towards a multi-polar system with a great impact on the economy, politics and foreign affairs of both China and India. Both the states are facing new opportunities as well as challenges and in future, they should exploit these opportunities and face challenges in a cooperative manner. On some international issues, both the states can support each other and cooperate as they have common or identical views on those issues.

For example, China and India share common view points on the human rights issues. They oppose the attempt of some western countries (particularly U.S.A.) to capitalise on the so called 'Human Rights issue' to put pressure on developing countries.¹⁰ Thus, both have opposed the attempts by some developed countries to impose their human rights criteria on others and thereby interfere in the internal affairs of other countries under the guise of human rights. In future also, they can also take joint stand on this issue.

Furthermore, both the states can jointly project the cause for the establishment of New International Economic and Political order devoid of uni-polarity in which the strategic, economic, and political independence of all countries all over the world must be taken into account. However, the most important field for future cooperation between China and India will be economics and trade. They can reduce their economic weakness by acquiring each other's strong points. It is in this context, that both the states have made a mutual decision to set aside fighting about their disputed border while the two giants develop their economies and enter world market known in China as the 'peaceful development'.¹¹ Being the two largest and fastest growing economies with expanding markets in the world, it is projected that the Sino-India bilateral trade would be the world's largest trading partnership sometime between 2010 and 2020.¹² In 1991, bilateral trade between the two states was \$265 million. In 1999, after a decade, it rose to \$ 1.82 billion.¹³

In 2000, the bilateral trade had reached \$2.5 billion. Again in 2004, bilateral trade touched \$13.6 billion¹⁴. During the year 2008 and 2009, the Sino-Indian trade was \$51.86 billion and \$43.28 billion on respectively. India-China total trade crossed the target of \$60 billion for 2010 and stood at \$61.74 billion¹⁵. The table given below highlights the growth of trade between India and china during last three years.

(All figures in US \$ billions)			
	2008	2009	2010
Indian Exports to China	20.34	13.70	20.86
Growth %	38.76	-32.63	52.19
China Exports to India	31.52	29.57	40.88
Growth %	31.12	-6.17	38.25
Total India-China trade	51.86	43.28	61.74
Growth %	34.02	-16.55	42.66
Total trade balance for India	-11.18	-15.87	20.02

These figure for Sino-India bilateral trade (2010) were released by China customs.¹⁶

Thus, it becomes clear that since the last two decades, Sino-India trade has continuously increased and in future also, this pace of increase in Sino-India trade is expected to continue. India's strength lays in information technology (IT), software engineering, management and financial services and China is strong in hardware, manufacturing, construction and engineering. Therefore, there is greater scope in future for collaboration and cooperation from each other's strong points.

Besides the above mentioned fields, there are other areas as well where both China and India can cooperate in future, for example in the field of Science and Technology, both states have made tremendous progress and cooperation in this field will to a great extent reduce their technological dependence on the developed countries. In this regard, they need to cooperate in the fields like space, computer software, and genetic engineering, peaceful application of nuclear energy, hydro-electricity generation, and agriculture and in a number of other fields.

Thus, on the whole it can be stated that the cooperation between the two Asian giants in future at the bilateral and international level will continue in those fields or areas where there is convergence of interests and which will serve their respective national interests. That is why, despite their many disputes, both are likely to avoid overt rivalry and open conflict. They will build a more robust and substantive economic relationship and will also pursue cooperation in international forums on environment, trade, human rights, and on economic issues. In all these areas, they have far more reasons to cooperate than to collide. The more and more cooperation in all the above mentioned fields will be more beneficial for both the countries which would enable them to play a more assertive role in the international arena by increasing their negotiating position vis-à-vis developed countries.

Although, there has been increasing cooperation between the two Asian giants in the political, economic or other fields in the past and is likely to remain so in the future also, but the misperceptions, distrust, suspicion and hostility towards each other has not fully vanished and in future also, these features will characterise Sino-India relations along with cooperation. While India has always remained suspicious about China, the Chinese on the other hand, remain sceptical about India's future course of policies and action. It will be not acceptable for China to see India playing the role beyond South Asia or emerge as an equal competitor to China. For example, India's aspirations to play a more active role in East Asia are not encouraged by China; the latter prefers that India remain in South Asia although, it plays lip service to the notion that India should be a major player in the global affairs. India's entry to the ARF (ASEAN Regional Forum) was endorsed by the United States and Singapore and not by China. In terms of economic and military capabilities, China has went far ahead of India and the existing power status between the two serves, the interests of China more than India.¹⁷ However, in spite of such an advantageous position of China vis-à-vis India, China is concerned about India aligning with any other significant powers notably (U.S.) against China. That is why; China is prepared to make some

concessions to India so that India may not align itself with any outside power to challenge Chinese supremacy in the region. However, to Mohan Malik, on balance, China seems to have limited expectations from India which can be broadly described as “Five no’s”¹⁸

- 1) do not peddle “the China threat theory”,
- 2) do not support Tibet or Taiwan’s independence,
- 3) do not object to the Sino-Pakistani strategic partnership,
- 4) do not align with the United States and/or Japan to contain China,
- 5) do not see or project yourself as an equal of China or as a nuclear and economic counter weight to China in Asia.

It is on the basis of these ‘five principles’ that China seeks to establish future relations with India as part of its friendly neighbourhood strategy. Earlier, especially during Nehruvian era, and soon after the end of bi-polarity it was expected that Sino-India partnership would produce an Asian century, but Chinese has not shown any sign so far for sharing leadership of Asia with any one including India. China will not allow any power to emerge as a peer competitor that will challenge its status as the Asia Pacific’s sole “Middle Kingdom” and in this regard an old Chinese saying goes, “one mountain cannot accommodate two tiger’s”.¹⁹ Thus, on the side of India, to challenge or to try to undermine China’s influence and power or any attempt to achieve strategic parity with China, will be strongly resisted by China through its military, economic and diplomatic means.

Moreover, as the two Asian giants move forward in the 21st century, with increasing need for energy resources²⁰ to feed their growing economies both will try to forge closer and deeper security ties with energy rich nations and will also develop strategies to safeguard sea lanes through which the bulk of their trade takes place. That is why, in the recent past, China is pumping more and more money in developing the ports and naval bases in Pakistan, Bangladesh, Myanmar and Sri Lanka. Although, no Chinese territory borders the Indian ocean, the same (Indian Ocean) is now being described in Chinese

circles as 'China's next frontier'.²¹ But on the other side, India has not been a mute spectator to all these developments. It has countered all these moves by enhancing and upgrading military ties with Maldives, Madagascar, Seychelles and U.S in the Indian ocean and with Myanmar, Singapore, Indonesia, Thailand, Vietnam, Taiwan, the Philippines, Australia, Japan and U.S in the East.²² In the context of above mentioned developments, it is predicted that in the future, the maritime competition between two Asian giants will intensify as the Indian and Chinese navies meet in the Indian and Pacific ocean. Maritime rivalry would be the new dimension to the traditional Sino-Indian geopolitical rivalry.

Further, the future relations between China and India will remain delicate and sensitive and there is possibility of sudden deterioration of relations as a result of misperceptions, hostile attitudes especially on border issue. In addition, the competition for resources, overlapping spheres of influence, rival alliance relationships²³ shows that the future relations between the two Asian giants will be characterized more by competition than cooperation. However, it must be reiterated here once again that in such a complex and delicate atmosphere, neither side would do anything that would destabilise their current bilateral economic or other relations. But at the same time, both the states will try to consolidate their power and position while striving to resolve their domestic and internal problems.²⁴ However, along with such a strategy, they will also continue to monitor closely each others activities to expand influence and gain advantage in the wider Asian region. India will also like to maintain the independence in its foreign policy by not entering into any alliance that is aimed at countering China or any other power. Nonetheless, a pro U.S./pro-Japan tilt in India's national security policy, a reaction to the power projection capabilities of China will be a defining characteristic of an increasingly globalised world order.²⁵ Moreover, the nature of future Indo-U.S. relations, Sino-U.S. relations and Sino-Pak relations will be very significant for Sino-India relations. During the 1960's and 1970, one of the main reasons of hostility between India and China was

the Indo-Soviet alliance and still in the present times, Chinese antagonism towards Japan is its alliance with the United States. In the same way, in future, if the U.S. adopts a policy of containment against China and recognise India as its natural ally, the result would be a hostile relationship between China and India as well as between China and United States.²⁶ It is in this respect that China's behaviour towards India is not much different from that of United States behaviour towards China for the simple reason that China is a status-quoits power with regard to India while the US is a status quoits power with respect to China.²⁷

Thus, the future of the Asian Security environment depends to a great extent on how the U.S. manages the rise of China and how China, in turn, manages the rise of India.

Though, in the short and medium term, neither side would do anything that would destabilise their current bilateral economic or other relations, but in the long term, there is possibility of confrontation and even conflict between the two Asian giants over a number of issues ranging from border issue to encirclement policies.²⁸ However, the extent and nature of their rivalry will be determined by how domestic, political and economic developments in both these countries affect their power, their perceptions, their attitudes and above all, their security policies. It can be asserted and is also possible that militarily strong and economically prosperous China and India might come to terms with each other eventually as their mutual containment policies start yielding diminishing results.

Till then, both the states would like to maintain the status quo focussing on their economic, political, military and strategic development and keep the competition and rivalry as flexible and unprovokable as possible in future.

Conclusion

In the concluding remarks, it can be asserted that despite improvement, the Sino-India relations will remain competitive. Both will attempt to acquire the power and status which will be suitable to their populations, geographical location, their country's size, and so on. Furthermore, the emergence of both the states as great powers and economic giants in the 21st century is likely to result in significant new geo-political alignments. Both will try to enhance their presence in different parts of Asia and Africa. Moreover, the new economic prosperity and military strength of both the states will create new tensions as both will try to register their authority in different parts of the world, especially in South Asia, South East Asia and Central Asia.

At the strategic level, India will continue to expand the strength, scope and reach of its naval capabilities. The growth of such capabilities will provide Chinese further reason to be wary of Indian intentions.

So far as the Sino-Pak ties and its impact on Sino-Indian relations are concerned, it will also remain an important irritant in the Sino-India relations. Though China, no longer supports Pakistan on Kashmir issue,²⁹ but it does not also endorse India's position either and nor it is likely to do so in the foreseeable future.²⁹ Further, in many other areas such as boundary issue, Arunachal Pradesh, competition for energy resources, etc., both will hold divergent views and will stick to their respective stands.

However, it must be reiterated here, that the range of issues, confronting the two states are sufficiently varied so as to engender complex national strategies. In most of the cases, China and India will be faced with the task of deterring, defending and reassuring each other simultaneously in the presence of multiple actors, each with its own capabilities, preferences and constraints. In this context, according to Ashley J. Tellis, "Sino-Indian relations - on balance - will be defined more by competition than by cooperation, but such competition is unlikely to become malignantly

rivalrous, as U.S - Soviet Competition was during the cold war. It is because, both China and India are still subordinate states in global system that lack untrammelled freedom of action, have sufficiently different strategic orientations in Asia that, while intersecting, offer hope of avoiding unvarnished confrontations, and have defence capabilities wherein geography nuclear weaponry, and conventional forces combine to produce fairly robust defence dominance vis-à-vis each other. If and when, these three conditions change, however, the stage would be set for serious dyadic rivalry."³¹

In the end, the Sino-Indian future relations can be summed-up with the statement of Jay Taylor which he made in the mid-1980's, but remain relevant even today, notably in the second decade of 21st century. He noted:

"Over the long term, India and China... will always tend towards a rival relationship and thus, each will seek a security link with a different super power... Both India and China want to avoid war and concentrate on development.... Yet the volatile agents of nationalism and history produce a mysterious chemistry.... Strength and size carry with them their own rationale for status and influence, and both India and China may well find themselves drawn into future regional conflicts or possibly intervening in neighbouring countries because of some instability or action that is produced as threatening... the odds are that over the long term there will be more rivalry than cooperation between Hind and Hun."³²

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15. India-China Relations. Retrieved June 22, 2011 <http://mea.gov.in/mystact.pdf?id=50042452>

16. Ibid.
17. For example, China wields more influence in the world politics economically, politically and diplomatically because China is a member of several important international organisation and clubs like WTO (World Trade Organisation), N-club (Nuclear Club along with U.S.A., France, Britain and Russia), P-5 (permanent member of UN Security Council along with the above mentioned four states) and several other influential regional organisation. All these facts enhance the international stature of China vis-à-vis India.
18. Mohan Malik, *op. cit.*, pp. 2-3.
19. Zhang-Yin Waijiao guanxi, India-China Relations, p. 1145.
20. After the U.S., China consumes more oil than any other nation. India's energy consumption is expected to grow by between 3.6 and 4.3 percent per year, and to more than double by 2030. This would make India the world's third largest importer of oil before 2025. (India and China: The Road Ahead, *South Asia Monitor*, No. 120, Centre for Strategic and International Studies (CSIS), July 2008, p. 1. <http://csis.org/files/media/csis/pubs/sam120.pdf>)
21. Maharaja Krishna Rasgotra (ed.), *op. cit.*, p. 14.
22. Zhang-Yin waijiao guanxi, *op. cit.*, p. 1149.
23. For example, China's building-up of strategic relations with India's immediate neighbours particularly Pakistan. India is also following the Chinese suit to build the strategic relations with the Chinese adversary states like Vietnam, Cambodia, Philippines, and Japan as per its 'Look East Policy'.
24. The most important internal challenges in both the states is to sustain the current economic growth rate, reducing economic disparities, fighting the menace of terrorism & extremism, achieving optimum political stability, so on and so forth.
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CHAPTER-VI

CONCLUSION

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The Post Cold War phase in international relations has witnessed the disintegration of Soviet Union which provided the strategic space for the sole super power USA to dominate the world with the sole aim of promoting capitalist ideology through the tools like globalisation, privatisation and the integration of national economies with the world economy. In response, the developing countries initiated restructuring their economic system with new laws for an open economy. These global changes compelled the international actors (states) to shed their inhibitions and forge solid economic bonds and enter into a mutually beneficial relationship. The two major developing countries of the world, China and India were no exceptions to this general rule. The global economic drive has made it essential for both these states to look afresh at each other as friends and cooperate to address varied problems whether at the regional or global level. As being the two fastest growing economies of the world, they cannot afford any potential confrontation which may upset their economic development and their ambitions of big power status.

China and India have co-existed peacefully for centuries and never confronted each other (except in the 20th century). Both had a glorious past with the cultural, material and spiritual (Buddhist) linkages with each other. All these interactions enabled them to undertake many religious pilgrimages which gave further impetus to their trading intercourse.

. However, after their independence, India in 1947 and China in 1949, relationship between the two states have not been smooth. It was characterized by jealousy, hatred, mistrust and armed conflict. It was during the initial phase of 1950s that both the states attempted to forge friendly relations which ultimately resulted into the signing of Panchsheel Agreement in 1954 which was followed by the 'Hindi-Chini Bhai Bhai' (Indians and Chinese are brothers) phase. In spite of that, mutual suspicion and mistrust

over the border and Tibet issues resulted into an open armed conflict in 1962 and the defeat of Indians at the hands of Chinese.

After the Sino-Indian war in 1962, two external factors influenced the Sino-India relations that were:

- (a) The cold war between USA and the USSR and its impact on Sino-India relations; and
- (b) The growing Sino-Pak friendly relations that further strained the Sino-India relations.

But it was the border issue that was the most dominant factor for unfriendly relations between China and India.

However, the demise of Mao Tsung was a turning point in Chinese modern history. After his demise, the new Chinese leadership initiated a policy of open door and reforms which gave priority to economic development and construction. From the 1990s onwards in general and from mid-nineties in particular, the foreign policy of India confronted drastic changes both at the internal as well as external level. Thus, in the context of changing national and international environment, the foreign policy approaches of both the states towards each other now focused on economics and de-emphasized their border and other political issues.

India and China, as the two largest developing countries of the world, share a number of interests especially in the field of domestic development and economic reform. They are experiencing a period of rapid economic growth. Both India and China are also struggling to define their role in the world given their new found influence on the global economy. Both promote the notion of multi-polarity in which they may serve as major international players alongside the sole super power – USA.

So far as China is concerned, its strategic interests in India follows from its desire to maintain a peaceful international environment create friendly relations with other nations especially with neighbours to prevent any attempt towards the formulation of anti-China blocs and finally developing markets, investment opportunities and resources to fuel its economic growth.

It also wants to address its critical domestic problems (extremism) in a coherent manner. For realizing all these objectives, good neighbourly relations with India are indispensable. In the same way, India's own focus on internal development and to sustain current economic growth rates encourages it to cultivate positive relations with China.

But on the other side, there is also growing competition between the two states to affirm their presence from an economic, political and military point of view in Asia and other parts of the world. Besides the border issue, the Sino-Pak nexus and their implications on Sino-India relations, Indo-US growing relations and their impact on Sino-India relations, the growing maritime competition especially in the Indian Ocean and thereby China's encirclement policies of India by arming its immediate neighbours and the competition for energy resources in different parts of Asia and Africa, other issues such as China's intention to divert Brahmaputra water in recent years have also eclipsed the good neighbourly relations between the two countries.

In the above mentioned context, it is difficult to predict whether Sino-India relations will lean towards more cooperation or competition or even conflict in the foreseeable future. However, it can be safely assumed and observed that the nature of their future relations will remain mixed i.e., cooperation in those fields or areas where there is convergence of interests and competition, distrust and even hostility where there is divergence of interests.

Thus, in the foreseeable future, both the giants will forge cooperation with each other in such fields where both the states share common goals like economics, political stability, fighting terrorism, taking advantages from globalization, maintaining access to capital and markets, taking joint stand on climate change vis-à-vis West, international human rights issues, promoting the cause of the establishment of New International Economic and Political Order in which the strategic, economic and political independence of all the countries all over the world must be taken into account, cooperation in the field of Science and Technology and thereby reducing their technological

dependence upon the developed countries, etc. In all these areas, they have far more reasons to cooperate than to collide. It is in this context, that a joint document entitled, "A shared vision for the 21st century of the Republic of India and the People's Republic of China", was signed on January 14, 2008 to include and indicate all these fields where both the countries will cooperate in future for their peaceful rise and development. That is why; this document can be regarded as a road-map or blue print for future bilateral relations between China and India.

On the other side, the major irritants in the bilateral relations between the two states as stated earlier such as border problem, encirclement policies of each other, Sino-Pak nexus, growing Indo-U.S. relations, maritime rivalry, so on and so forth, will in fact, continue to haunt the Sino-India relations in the 21st century and are capable of turning the relations sour due to their hyper sensitive nature.

In the end, it must be emphasized that in spite of all these irritants in the bilateral relations, the willingness of both to strengthen economic and cultural relations will in fact, promote and enhance the mutual understanding and might pave the way for final resolution of the border and other issues. Realistically, it is possible and even inevitable that economically prosperous and militarily strong China and India might come to terms with each other eventually as their mutual containment policies start yielding diminishing results.

Major Findings

In the light of preceding discussion about the Sino-India relations, the major findings of this study can be highlighted under the following points:

1. China and India have co-existed peacefully for the last 2000 years. The peaceful co-existence of these two great civilizations for such a long period of time without coming into conflict with each other is in fact, a great and surprising fact in itself. The reasons and manifestations of such a long friendly relations have been: Absence of any clear-cut and demarcated border as the mighty Himalayas stood between these two great nations as

a natural barrier; Material and spiritual (Buddhism) links which promoted peaceful and friendly relations in the ancient times; Trading and commercial links between the two states during the medieval period; Common sufferings and humiliations of both the nations at the hands of Europeans and thereafter, the struggles for liberation of their motherlands from the colonial powers in the modern period.

2. In the post independence era, both the states adopted different models of development and different political systems, while India adopted the path of Parliamentary democracy, model of mixed economy and non-alignment, China followed one party rule of communism, state- controlled economy and joined the communist camp of Soviet Union. However, in spite of all these divergent paths, both the states maintained good neighbourly relations which ultimately resulted into the signing of Panchsheel Agreement between the two nations in 1954, which was followed by Hindi-Chini Bhai-Bhai (Indians and Chinese are brothers) phase. The main reason for such a cordial and friendly relationship during this period was that both the states were new born nations needing peaceful environment so that each side can concentrate upon its economic, political and social development with limited resources. That is why; the period between (1947-1958) is often described as 'Honeymoon period' or 'Friendship Hype period' between China and India.
3. During the late fifties, Sino-India relations began to deteriorate due to the unsettled border and other problems. The growing distrust and hostility between China and India culminated in an open armed conflict in 1962. The Sino-India war (1962) was the watershed in the history of Sino-Indian relations. From 1962 onwards until 1970, the Sino-Indian relations remained in a state of constant suspension due to diplomatic freeze. It was during this period that Pakistan factor was born in the China-India relations when China supported Pakistan in its war against India in 1965. This Pakistan factor continues to haunt the Sino-India relations even today. It was also during this period that India leaned towards Soviet Union. Further, during this period, both the states adopted various

counter-balancing measures against each other e.g., China incited naxal violence, trained Naga and Mizo insurgents and supplied them arms and ammunition to foment violence in India, supported India's arch rival Pakistan against India, etc. These entire moves were justified by China against India on the grounds that India was following the imperialist policies and is responsible for unrest in Tibet. It is due to these hostile attitudes towards each other and particularly the diplomatic freeze, the relationship between China and India during this period (1959-1970) is often described as 'Animosities period'.

4. The normalization of relations between China and India began after 1970.

It was due to the facts that:

Sino-India relations were restored at the ambassador level in 1976 after 15 years; With the death of Mao Tsung far reaching changes were initiated in China's domestic and foreign policies, e.g., the modernization programme was started by Deng Xiaoping in the post- Mao period, an "open door" liberal policy towards trade and foreign investment was launched in late 1970's (1978-79), China's desire to improve security environment, encouraging trade and commerce and the desire to resolve all its outstanding disputes with India amicably, so on and so forth. Thus, the normalization and upturn in China's relations with India, has therefore, its roots in China's internal power shifts and a new course in ideology, economic strategy and defence policies; In addition, the relaxation in international tensions as a result of détente in U.S. - Soviet relations, improvement of Sino-Soviet relations and Sino-U.S. relations also provided impetus for improvement in Sino-India relations. It was in this back drop that Rajiv Gandhi, the then Prime Minister of India made a landmark visit to China in December, 1988 to further Sino-India relations in a more dynamic and positive direction.

5. In the post-cold war period, the relations between the two giants further matured and were advanced in diverse fields. Both the giants reoriented and refashioned their foreign policies towards each other due to the changing domestic and global, economic, political and strategic environment.

The most important change at the global strategic level was the end of the cold war and the disintegration of Soviet Union which drastically changed the global power-structure. The bi-polarity was replaced by uni-polarity with U.S. as the sole super power. In fact, it was a big challenge for both the states to reframe their foreign policies in such a hegemonic world order.

Another important factor in the post Cold War era which compelled both the states to come closer to each other and to leave aside their political issues was the economic factor. With a shift from geo-politics and geo-strategic to geo-economic, the economic dimension of international politics has become prominent with economic issues taking precedence over political ones. To take more and more benefits from such a changed global economic order which was controlled by the developed world, both the sides felt it imperative upon themselves to cooperate with each other. That is why, the ideology of non-alignment which was important detriment of India's foreign policy during the cold war era, has to be sacrificed. Moreover, at the internal level, the era of coalition politics had began especially after mid-1990s which affected India foreign policy-making in a number of ways e.g., under the coalition governments, the foreign policy could not find an adequate place on the priority basis, the frequent changes of government at the national level led to the adhocism in the foreign policy-making. Further, the Indian economy was in a bad shape which made India vulnerable to external pulls and pressures. All these factors both internal and external compelled both the states to come closer to each other.

6. Though, India has restructured its foreign policy in a number of ways due to some internal and external factors, it has been unable to make a clear-cut response towards China that affects its security interests in a number of ways. It becomes clear from the fact that China has shown a remarkable consistency in its dealing with India but India has remained satisfactory only with one high level visit to another. There have been three major reasons for such a weak foreign policy in India vis-à-vis China.

- (a) Lack of strategic culture
- (b) Lack of institutionalization of Foreign policy;
- (c) Lack of power and capabilities.

(These three variables have been sufficiently discussed and elaborated in the Chapter No. III)

The natural corollary of these three constraints in India's foreign policy have in fact impeded the evaluation of a long term China policy which has ultimately led to the confusion in Indian Foreign Policy-making. It is reflected by the way India has dealt with China in the past years. For example, though it seems overtly that Sino-India relations have improved a lot but it is not clear as to what strategic objectives India wants to achieve from this improvement.

Far eliminating all these constraints in India's Foreign policy making, it is imperative upon India to advance, understand and study not only its own strategic culture but also the strategic traditions of other states especially of China so that a balanced and effective policy can be evolved regarding China.

Secondly, for the institutionalization of foreign policy, the National Security Council (NSC) should be made an effective and professional body to study the military, economic and political threats to the nation and to advice the government to meet these challenges in a coherent and systematic manner.

Third, India should enhance, its capabilities in various fields because it still lags behind China in a number of areas which are a main cause of weakness in India's Foreign Policy towards China.

7. After a brief set-back to the Sino-India relations due to the India's nuclear tests in 1998, both the Asian giants entered 21st century with forging a cooperative partnership with each other. During this period, a number of high level visits were exchanged by both the states and thereby a number of important agreements were signed relating to promotion of trade and commerce and enhancing Confidence and Security Building Measures (CSBM).

8. In spite of growing relationship in the 21st century between China and India, there are still some areas where the respective claims of both the states clash with each other and therefore, is a constant source of rivalry and competition between them; the most notable among them are:

- (i) Border, Arunachal Pradesh and Tibet issues are the major factors of Sino-India unfriendly relations. Border issue is one of the most complicated issues between the two states. India still claims 43,180 square kilometres of Jammu and Kashmir occupied by China including 5,180 square kilometres ceded to China by Pakistan under a 1963 Sino-Pakistan Boundary agreement. Likewise, China claims 90,000 square kilometres of territory held by India in Arunachal Pradesh. Though the serious attempts were taken by both the sides to resolve the border problem with the agreements signed in 1993 and 1996 and more importantly in 2003 when both the sides appointed special representatives. Though these special representatives have held a number of talks to resolve the border issue, but so far no breakthrough has been achieved. The main reason has been that the unsettled border provides China the strategic leverage to keep India uncertain about its intentions and nervous about its capabilities and thereby ensuring India's good behaviour on issues of vital concern to China. Further, an unsettled boundary also suits Chinese interests for the present because China's claim in Western Sector are complicated by the Indo - Pak dispute over Kashmir, and China's interest to keep India under strategic pressure on two fronts i.e. China and Pakistan.

Likewise, though India has officially recognized Tibet as a part of China, but at the popular level, there remains significant sympathy for the Tibetan cause within India. The presence of more than 1, 00,000 Tibetan refugees in India and India's continued willingness to provide shelter to the Dalai Lama is also a major source of irritation in Sino-Indian relations. In Arunachal Pradesh, China demands

major territorial concessions in Twang area because Chinese claim it to be central to Tibetan Buddhism given that the Sixth Dalai Lama was born there. On the other side, India seeks the return of the Sacred Mount Kailash Man Sarovar in Tibet since it is a sacred place associated with the Hindu religion. Thus, border issue, is one of the prime cause of rivalry between China and India which needs a pacific resolution through bilateral dialogue so that both the countries can focus on the political and economic development of their respective countries.

- (ii) Water issue is another important issue in the Sino-India relations which is closely related to border issue. The four main rivers such as Ma Cha Khabab, Lang Chen Khabab (Sutlej), Senge Khabab (Indus) and Tackok Khabab (Brahmaputra) which originates in Tibet and flows into India gives a strategic advantage to China because it is an upper riparian vis-à-vis India. This strategic advantage of China on water resources coupled with differing positions on Line of Actual Control (LAC) further complicates the water issues between the two states. The more and more complicating problem is that there exist no agreements between China and India relating to water resources. This problem gets more complicated in the absence of any international law on shared waters and when one such was attempted, China voted against the convention on the Law of the Non-Navigational Uses of International Water Resources in the UN General Assembly in 1997. Though India and China have entered into agreements in the recent past (2003) on sharing of hydrological data for flood control, but Chinese have not been consistent in sharing of the information. China's plan of constructing big dams and diverting the water of rivers to its own advantage has created discontent in India. More recently, to build a number of water projects in the Tibet including a dam on Brahmaputra, Chinese scientists have completed a comprehensive satellite study of cross border Tibetan rivers determining their exact sources besides

measuring the length of their drainage basins. Thus, in future, China is likely to use water as a tool to pressurize India and to extract concessions on boundary question.

9. The two important countries that affects the Sino-Indian relations are, Pakistan and U.S.A. while Pakistan is an immediate one, with limited regional influence, the U.S. remains a long term one with global meanings. The inter connection of relations between China, India, U.S. and Pakistan, i.e., Indo-U.S., Sino-U.S., and Sino-Pak has a special bearing on the relationship between China and India.

China's unique relationship with Pakistan has been regarded by India as a part of China's strategy to contain India within the sub-continent. China continues to maintain close relations with Pakistan because of the combined strategic and political advantages, it receives from its relationship with Pakistan, e.g., China's desire to extend its influence into South and Central Asia in order to maintain a stable periphery; gain easy access to markets and natural resources and to maintain friendly relations with Muslim Countries for reducing the Islamic insurgency in Xingjian province. Above all, Pakistan is the only country that can prevent the Indian hegemony, thus fulfilling a key strategic objective of China's South Asia Policy. Though China had adopted a neutral position over Kashmir issue, rather than siding with Pakistan, but China has not completely abandoned its traditional loyalty to Pakistan. China continues to use the Pakistan card in showing its displeasure over Indian behaviour. Moreover, China's offer to support Pakistan's civilian nuclear programme following the conclusion of the Indo-US civil nuclear programme deal proves the fact that China continues its two track approach i.e. to engage India economically and also not to displease its historical partner (Pakistan). It is for these reasons that China continues to supply different types of arms and weapons to Pakistan. It is estimated that 80 percent of Pakistan military hardware, including 60 percent of military aircrafts has came from China. It is due to this whole sale transfer of weapons from

China to Pakistan that K. Subrahmanyam, a noted defence analyst said that Islamabad derives its capabilities to threaten India from China. Thus, after Sino-India border issue, Pakistan is the major factor which continues to be a major source of irritation in the Sino-India relations.

Similarly, the USA as the sole super power plays an important role in the Sino-Indian relations. The US-China-India strategic triangle has been seriously taken by all the three countries. The U.S. plays a complex role in this strategic triangle and has a lot of influence on Sino-India relations. When one country tries to forge the close relations with USA, it increases the apprehensions in the other country. In such a confusing situation, US can play the Indian card in its dealings with China or can play the China card in developing its relations with India.

For India, it is possible to make use of US factor in dealing with China because both share the same challenge of a rising China to their respective dominance in the world and South Asia. China on the other side held the perception, that India by virtue of its geopolitical situation, naval capabilities and unresolved bilateral disputes with China is an ideal country for the United States to have it (India) on its side in the eventuality of any conflict with China. China still is not clear that whether India will side with US against China or join China and Russia for a multi-polar world order against the uni-polar world dominated by U.S. However, China views the US attempts to develop a strategic relations with India to contain China. In June 2005, India and US signed the New Framework for the US - India Defence Relationship paving the way for joint weapons production, cooperation on missile defence and in other military fields. Due to China's growing dependence on oil imports particularly through the Indian Ocean, the Indo-U.S. joint military cooperation in this area has become a particular source of concern for China. Further, China also expressed her discomfort over the Indo-US Civil Nuclear deal in March, 2006. In spite of such close and emerging warmth in the Indo-US relations, India is aware of the fact that the US and Chinese interests in their mutual

relationship are more than that of India. This is the main reason that neither China nor US will be ready to oppose each other for India. However, if US adopts a policy of containment against China and recognizes India as its natural ally, the result would be a hostile relationship between China and India as well as between China and United States. It is in this respect that China's behaviour towards India is not much different from that of United States behaviour towards China for the simple reason that China is a status-quoist power with regard to India while the U.S. is a status quoist power with regard to China. In such a complex situation, India will maintain its strategic independence by following a multilayered approach combining both cooperation and competition with China in a way that serves its own unique political, economic and security interests.

10. The rise of China and India in terms of economic growth and military build-up will have an inevitable regional implication. There are at least three sub-regions in Asia namely South Asia, South East Asia and Central Asia, where the economic, military, political and energy interests of both the state have met or will meet.
 - (i) So far as the South Asia is concerned, except Bangladesh, Sri Lanka and Maldives, China shares borders with the rest of all South Asian states. This geographical intimacy between China and South Asian states makes it a special area in the Chinese foreign policy considerations. The widening and deepening defense cooperation between China and India's immediate neighbours are perceived as encircling India. In this regard, Nepal, Bangladesh, Bhutan and Sri Lanka which are perceived by India to be within its territorial sphere of influence, have deepened their ties with China. In these states, India exercises considerable influence in domestic politics and has always opposed outside power's involvement. It is in this context, that India has always seen itself as the prime power in South Asia and is not willing that China might also have some influence in South Asia while on the other side, China is

rapidly strengthening its presence in the Indian Ocean and South Asia by building ports and military bases in Bangladesh, Sri Lanka, Pakistan and Burma. Though, China have been granted an observer status in the SAARC (South Asian Association for Regional Cooperation) during Dhaka Summit in November, 2005, still both are viewing at each other with suspicious motives concerning the region.

- (ii) In the South East Asian region, there has been more competition between China and India due to their conflicting and overlapping interests. However, in this tussle between China and India to gain more and more strategic, economic and political influence in ASEAN (Association for South East Asian Nations) region, it must be noted here that China has more intimate relations with ASEAN than India. It is reflected from the gradual rise of trade between China and ASEAN which reached to US \$94.54 billion in 2004 making ASEAN China's fifth largest trading partner. Moreover, China and ASEAN are also cooperating with each other in wider regional organizations such as Asia Pacific Economic Cooperation (APEC), Council of Security Cooperation in Asia Pacific (CSCAP) and Asia Cooperation Dialogue (ACD). But at the same time, China does not want India to emerge as an equal competitor in South East Asia. That is why, India has on her own part started cultivating strong relations with Malaysia, Indonesia, Singapore, Thailand, etc. for rebalancing Chinese influence in the area. Thus, it can be said, that in the South East Asia both states have conflicting as well as overlapping interests with China having deep and strong links with ASEAN.
- (iii) Likewise, in the central Asia, the relationship between China and India are same as are in the South and South East Asia i.e., overlapping and divergent. The Central Asian region is mostly important for its geo-strategic location and natural resources. China shares the border with most of the Central Asian states. In order to enhance its influence in the Central Asian states, China initiated the Shanghai Cooperation

organization (SCO). This regional forum provides broad perspectives for intimate cooperation between China and Central Asian states. This rapidly growing influence of China in the Central Asian region is of prime concern for India. Like South and South East Asia, in Central Asia also, China has an upper hand vis-a-vis India and it has become more pertinent with the establishment of SCO. It is important to note here that there have been two reasons for such a close and deep relationship between China and Central Asian States which India does not have:

- a) Close geographical proximity between China and Central Asian states;
- b) Chinese huge investments in the infrastructure development within these countries.

However, in recent years, India has also intensified its efforts to forge cooperative relationship with these countries. In future, there are chances of competition and also of cooperation in this part of the world as both India and China are major energy consumption countries, both of them will try to enhance their influence in this region more and more.

11. The energy (oil and gas) factor also assumes an important place in Sino-Indian relations because the sustained growth rate of their growing economies depends to a large extent on the uninterrupted supply of energy like oil and gas as both are major energy importer countries. However, in this field also, there has been competitive rather than cooperative interaction. The competition for oil assets have been witnessed in different parts of the world like Ecuador, Angola, Kazakhstan and in many other countries. As usual, China fared well also in this field also than India. The Chinese success has not been because it offered higher bid than India but because of its tactics and above all its abilities to integrate financial incentives with aid, infrastructure projects, diplomatic incentives and arms packages. However, there have been some rare occasions when both the sides cooperated in this field also, e.g., Chinese and Indian Companies have

cooperated in developing energy assets in Syria, Sudan, and Columbia, Iran and in many other countries. Nevertheless, it must be reiterated here that China's and India's energy interests does not completely converge. China is cooperating with India only in those areas where its interests can be best secured than by aligning with others (particularly with western companies). Furthermore, China will not like that India should become co-equal to it in the energy sector.

Therefore, in order to acquire and maintain energy resources from outside countries in a more coherent and systematic manner without coming into direct collusion with China, India should also maintain relations with energy exporting countries on the same line on which China maintains i.e., to invest into the infrastructure development like roads, railways, ports, mining, airports, electricity generation, so on and so forth. It will be more advantageous for the Indian interests in the long run.

12. The economic reforms in China in the late 1970s and in India during the initial years of 1990s and thereafter, fast growing economic growth rates of India and China compelled both the states to shun the political inhibitions and forge a more cooperative bilateral relationship especially in the field of trade and commerce. Moreover, with the end of cold war, geo-strategic and geo-political considerations were replaced by geo-economics factors which gave further impetus to Sino-India economic relations. Since then, both the countries have expedited the process of integration in the global economy as well as bilateral economic cooperation. In the beginning of 1990, bilateral trade between China and India was \$ 260 million which crossed the \$ 60 billion in 2010 and stood at \$ 61.74 billion. This makes China the third largest export market for India and its single source of imports. India's exports to China are mainly natural resources such as iron ore on the other hand. China's exports to India are primarily electronic goods and other finished products. However, there have been some limitations in Sino-

India trade, e.g.

- (i) The trade balance has been tilting consistently against India.
- (ii) The major hurdles in Sino-India trade are China's non-tariff barriers, language gap, lack of transparency in rules and smuggling of Chinese goods.
- (iii) There is also fear in India that the relatively cheaper Chinese goods might displace Indian goods in the international market due to their lower costs.
- (iv) The cooperation in the fields of China's hardware and manufacturing industries and India's software and service sector expertise which can boost the bilateral trade between the two, has been limited so far.
- (v) The only field in which India is ahead of China is the software and service sector but it is believed that due to the Chinese impressive record of export of hi-tech products, China may overtake that sector (software) also from India.
- (vi) Moreover, China has emerged as a major player in strategic and economic terms with its entry into the World Trade Organization (WTO) on December 11, 2001.

Thus, it becomes evident that since 1990's, Sino-India trade has made tremendous strides, but still there are some limitations in such an economic relationship which cannot be eliminated totally, nevertheless, their negative effects can be minimized. It can be asserted that though the trade related competition between the two giants cannot be ruled out in future but at the same time, economic sphere is the only sphere where there is more convergence of interests since both are developing countries with fast growing economies. This convergence of economic interests between the two states can be exploited to create an environment conducive for solving more difficult bilateral political and other issues.

In the concluding remarks it can be observed that despite

improvement, the Sino-India relations will remain competitive. Both will attempt to acquire the power and status which will be suitable to their population, geographical location, their country's size, etc. In addition, the rise of both the countries in the 21st century is likely to result in significant new geopolitical alignments. Moreover, the military strength and new economic prosperity of both the states will create new tensions as both will try to register their authority in different parts of the world.

It is in this context that in the short and medium term, neither side would do anything that would destabilize their current bilateral economic or other relations, but in the long-term, there is possibility of confrontation and even conflict between the two Asian giants over a number of issues ranging from border issue to encirclement policies.

However, the nature and extent of their rivalry is likely to be determined by how domestic, political and economic developments in these two countries affect their power, their perceptions, their attitudes and above all their security policies. Till then, both the states would like to maintain the status quo, focusing on their economic, political, military and strategic development and keep the competition and rivalry as flexible and un-provokable as possible in future.

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APPENDIX

*Appendix-I***AGREEMENT BETWEEN THE REPUBLIC OF INDIA AND THE PEOPLE'S REPUBLIC OF CHINA
ON TRADE AND INTERCOURSE BETWEEN TIBET REGION OF CHINA AND INDIA*****Peking, 29 April 1954**

The Government of the Republic of India and The Central People's Government of the People's Republic of China, Being desirous of promoting trade and cultural intercourse between Tibet Region of China and India and of facilitating pilgrimage and travel by the peoples of China and India, Have resolved to enter into the present Agreement based on the following principles :

- (1) mutual respect for each other's territorial integrity and sovereignty,
- (2) mutual non-aggression,
- (3) mutual non-interference in each other's internal affairs, (4) equality and mutual benefit, and (5) peaceful co-existence. And for this purpose have appointed as their respective Plenipotentiaries :

The Government of the Republic of India,

H.E. Nedyam Raghavan, Ambassador Extraordinary and Plenipotentiary of India accredited to the People's Republic of China; the Central People's Government of the People's Republic of China, H.E. Chang Han-fu, Vice-Minister of Foreign Affairs of the Central People's Government, who, having examined each other's credentials and finding them in good and due form, have agreed upon the following :- Article I The High Contracting Parties mutually agree to establish Trade Agencies :

- (1) The Government of India agrees that the Government of China may establish Trade Agencies at New Delhi, Calcutta and Kalimpong.
- (2) The Government of China agrees that the Government of India may establish Trade Agencies at Yatung, Gyantse and Gartok. The Trade Agencies of both Parties shall be accorded the same status and same treatment. The Trade Agents of both Parties shall enjoy freedom from arrest while exercising their functions, and shall enjoy in respect of themselves, their wives and children who are dependent on them for livelihood, freedom from search. The Trade Agencies of both Parties shall enjoy the privileges and immunities for couriers, mail-bags and communications in code. Article II The High Contracting Parties agree that traders of both countries known to be customarily and specifically engaged in trade between Tibet Region of China and India may trade at the following places

(1) The Government of China agrees to specify (1) Yatung, (2) Gyantse and (3) Phari as markets for trade. The Government of India agrees that trade may be carried on in India, including places like (1) Kalimpong, (2) Siliguri and (3) Calcutta, according to customary practice.

(2) The Government of China agrees to specify (1) Gartok, (2) Pulanchung (Taklakot), (3) Gyanima-Khargo, (4) Gyanima-Chakra, (5) Ramura, (6) Dongbra, (7) Pulang-Sumdo, (8) Nabra, (9) Shangtse and (10) Tashigong as markets for trade; the Government of India agrees that in future, when in accordance with the development and need of trade between the Ari District of Tibet Region of China and India, it has become necessary to specify markets for trade in the corresponding district in India adjacent to the Ari District of Tibet Region of China, it will be prepared to consider on the basis of equality and reciprocity to do so.

Article III

The High Contracting Parties agree that pilgrimage by religious believers of the two countries shall be carried on in accordance with the following provisions :-

- (1) Pilgrims from India of Lamaist, Hindu and Buddhist faiths may visit Kang Rimpoche (Kailas) and Mavern Tso (Manasarovar) in Tibet Region of China in accordance with custom.
- (2) Pilgrims from Tibet Region of China of Lamaist and Buddhist faiths may visit Banaras, Sarnath, Gaya and Sanchi in India in accordance with custom.
- (3) Pilgrims customarily visiting Lhasa may continue to do so in accordance with custom. Article IV Traders and Pilgrims of both countries may travel by the following passes and route : (1) Shipki La pass,

*Archives of the Ministry of External Affairs, Government of India at [http:// meaindia.nic.in](http://meaindia.nic.in)

(2) Mana pass, (3) Niti pass, (4) Kungri Bingri pass, (5) Darma pass and (6) Lipu Lekh pass. Also, the customary route leading to Tashigong along the valley of the Shangatsangpu (Indus) River may continue to be traversed in accordance with custom. Article V For travelling across the border, the High Contracting Parties agree that diplomatic personnel, officials and nationals of the two countries shall hold passports issued by their own respective countries and visas by the other Party except as provided in Paragraphs 1, 2, 3 and 4 of this Article.

- (1) Traders of both countries known to be customarily and specifically engaged in trade between Tibet Region of China and India, their wives and children who are dependent on them for livelihood and their attendants will be allowed entry for purposes of trade into India or Tibet Region of China, as the case may be, in accordance with custom on the production of certificates duly issued by the local government of their own country or by its duly authorised agents and examined by the border check-posts of the other Party.
- (2) Inhabitants of the border districts of the two countries who cross the border to carry on petty trade or to visit friends and relatives may proceed to the border districts of the other Party as they have customarily done heretofore and need not be restricted to the passes and route specified in Article IV above and shall not be required to hold passport, visas or permits.
- (3) Porters and mule team drivers of the two countries who cross the border to perform necessary transportation services need not hold passports issued by their own country, but shall only hold certificates good for a definite period of time (three months, half a year or one year) duly issued by the local government of their own country or by its duly authorised agents and produce them for registration at the border checkpoints of the other Party.
- (4) Pilgrims of both countries need not carry documents of certification but shall register at the border checkpoints of the other Party and receive a permit for pilgrimage.
- (5) Notwithstanding the provisions of the foregoing paragraphs of this Article, either Government may refuse entry to any particular person.
- (6) Persons who enter the territory of the other Party in accordance with the foregoing paragraphs of this Article may stay within its territory only after complying with the procedures specified by the other Party. Article VI The present Agreement shall come into effect upon ratification by both Governments and shall remain in force for eight (8) years. Extension of the present Agreement may be negotiated by the two Parties if either Party requests for it six (6) months prior to the expiry of the Agreement and the request is agreed to by the other Party. DONE in duplicate in Peking on the twenty-ninth day of April, 1954 in Hindi, Chinese and English languages, all texts being equally valid.

(Sd.) NEDYAM RAGHAVAN, Plenipotentiary of the Government of India

(Sd.) CHANG HAN-FU, Plenipotentiary of the Central People's Republic of China.

NOTES EXCHANGED

Peking, April 29, 1954

NOTE: Your Excellency Mr. Vice-Foreign Minister, In the course of our discussions regarding the Agreement on Trade and Intercourse Between Tibet Region of China and India, which has been happily concluded today, the Delegation of the Government of the Republic of India and the Delegation of the Government of the People's Republic of China agreed that certain matters be regulated by an exchange of notes. In pursuance of this understanding, it is hereby agreed between the two Governments as follows:

- (1) The Government of India will be pleased to withdraw completely within six (6) months from date of exchange of the present notes the military escorts now stationed at Yatung and Gyantse in Tibet Region of China. The Government of China will render facilities and assistance in such withdrawal.
- (2) The Government of India will be pleased to hand over to the Government of China at a reasonable price the postal, telegraph and public telephone services together with their equipment operated by the Government of India in Tibet Region of China. The concrete measures in this regard will be decided upon through further negotiations between the Indian Embassy in China and the Foreign Ministry of China, which shall start immediately after the exchange of the present notes.
- (3) The Government of India will be pleased to hand over to the Government of China at a reasonable price the twelve (12) rest houses of the Government of India in Tibet Region of China. The concrete measures in this regard will be decided upon through further negotiations between the Indian Embassy in China and the Foreign Ministry of China, which shall start immediately after the

exchange of the present notes. The Government of China agrees that they shall continue as rest houses.

- (4) The Government of China agrees that all buildings within the compound walls of the Trade Agencies of the Government of India at Yatung and Gyantse in Tibet Region of China may be retained by the Government of India. The Government of India may continue to lease the land within its Agency compound walls from the Chinese side. And the Government of India agrees that the Trade Agencies of the Government of China at Kalimpong and Calcutta may lease lands from the Indian side for the use of the Agencies and construct buildings thereon. The Government of China will render every possible assistance for housing the Indian Trade Agency at Gartok. The Government of India will also render every possible assistance for housing the Chinese Trade Agency at New Delhi.
- (5) The Government of India will be pleased to return to the Government of China all lands used or occupied by the Government of India other than the lands within its Trade Agency compound walls at Yatung. If there are godowns and buildings of the Government of India on the above mentioned lands used or occupied and to be returned by the Government of India and if Indian traders have stores, godowns or buildings on the above-mentioned lands so that there is a need to continue leasing lands, the Government of China agrees to sign contracts with the Government of India or Indian traders, as the case may be, for leasing to them those parts of the land occupied by the said godowns, buildings or stores and pertaining thereto.
- (6) The Trade Agents of both Parties may, in accordance with the laws and regulations of the local governments, have access to their nationals involved in civil or criminal cases.
- (7) The Trade Agents and traders of both countries may hire employees in the locality.
- (8) The hospitals of the Indian Trade Agencies at Gyantse and Yatung will continue to serve personnel of the Indian Trade Agencies.
- (9) Each Government shall protect the person and property of the traders and pilgrims of the other country.
- (10) The Government of China agrees, so far as possible, to construct rest houses for the use of pilgrims along the route from Pulanchung (Taklakot) to Kang Rimpoche (Kailas) and Mavam Tso (Manasarover); and the Government of India agrees to place all possible facilities in India at the disposal of pilgrims.
- (11) Traders and pilgrims of both countries shall have the facility of hiring means of transportation at normal and reasonable rates.
- (12) The three Trade Agencies of each Party may function throughout the year.
- (13) Traders of each country may rent buildings and godowns in accordance with local regulations in places under the jurisdiction of the other Party. (14) Traders of both countries may carry on normal trade in accordance with local regulations at places as provided in Article II of the Agreement. (15) Disputes between traders of both countries over debts and claims shall be handled in accordance with local laws and regulations. On behalf of the Government of the Republic of India I hereby agree that the present Note along with Your Excellency's reply shall become an agreement between our two Governments which shall come into force upon the exchange of the present Notes. I avail myself of this opportunity to express to Your Excellency Mr. Vice-Foreign Minister, the assurances of my highest consideration.

(Sd.) N. RAGHAVAN, Ambassador Extraordinary and Plenipotentiary of the Republic of India.

His Excellency Mr. CHANG HAN-FU, Vice-Minister of Foreign Affairs, Central People's Government, People's Republic of China. April 29, 1954

Your Excellency Mr. AMBASSADOR:

I have the honour to receive your note dated April 29, 1954 which reads: [Not reprinted] On behalf of the Central People's Government of the People's Republic of China, I hereby agree to Your Excellency's note, and your note along with the present note in reply shall become an agreement between our two Governments, which shall come into force upon the exchange of the present notes. I avail myself of this opportunity to express to Your Excellency,

Mir. Ambassador, the assurances of my highest consideration.

(Sd.) CHANG HAN-Fu. Vice Minister, Ministry of Foreign Affairs,
People's Republic of China.

H.E. NEDYAM RAGHAVAN,

Ambassador Extraordinary and Plenipotentiary, Republic of India.

(Original in English.) NOTES REGARDING RATIFICATION Peking, the 17th August, 1954

EXCELLENCY, I have the honour to state that WHEREAS an agreement between the Government of the Republic of India and the Central People's Government of the People's Republic of China on trade and intercourse between Tibet region of China and India was signed at Peking on the 29th Day of April, 1954, by the respective plenipotentiaries of the two Governments, namely, For the Government of the Republic of India. His Excellency Nedyam Raghavan, Ambassador Extraordinary and Plenipotentiary of India, For the Central People's Government of the People's Republic of China, His Excellency Chang Han-fu, Which Agreement is reproduced, word for word, in the Annexure hereto,

AND WHEREAS the Government of the Republic of India has ratified this Agreement on the 3rd June, 1954. I request you to convey information of the said ratification to the Central People's Government of the People's Republic of China. I avail myself of this opportunity to renew to you, Excellency, the assurances of my highest consideration.

NEDYAM RAGHAVAN. Ambassador of the Republic of India.

His Excellency Mr. CHOU EN-LAI, Minister for Foreign Affairs, Central People's Government of the People's Republic of China, Peking. (Original in Chinese.)

EMBASSY OF THE PEOPLE'S REPUBLIC OF CHINA IN INDIA (Translation) No. M/680/54 17

August, 1954

EXCELLENCY,

I have the honour to inform you that the Agreement between the People's Republic of China and the Republic of India on Trade and Intercourse between Tibet Region of China and India, which was signed at Peking on the 29th of April, 1954, by Chang Han-fu, Vice-Minister, Ministry of Foreign Affairs, Central People's Government of the People's Republic of China, for the central People's Government of the people's Republic of China and Nedyam Raghavan, Ambassador Extraordinary and Plenipotentiary of the Republic of India to the People's Republic, of China, for the Government of the Republic of India, was subsequently ratified on the 3rd June, 1954, by the Central People's Government of the People's Republic of China. I hereby request you to convey information of the said ratification to the Government of India.

The Agreement is reproduced, word for word, in the annexure hereto. I avail myself of this opportunity to renew to you, Excellency, the assurances of my highest consideration.

(Sd.) YUAN CHUNG-HSIEN, Ambassador Extraordinary and Plenipotentiary of the People's Republic of China.

His Excellency PANDIT JAWAHARLAL NEHRU,

Minister for External Affairs,

Government of Republic of India, New Delhi.

Appendix-II**Agreement Between the Government of the People's Republic of China and the Government of the Republic of India on Confidence Building Measures in the Military Field Along the Line of Actual Control in the China-India Border Areas***

2002/01/16

The Government of the People's Republic of China and the Government of Republic of India (hereinafter referred to as the two sides),

Believing that it serves the fundamental interests of the peoples of China and India to foster a long-term good-neighbourly relationship in accordance with the Five Principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit and peaceful co-existence,

Convinced that the maintenance of peace and tranquillity along the line of actual control in the China-India border areas accords with the fundamental interests of the two peoples and will also contribute to the ultimate resolution of the boundary question,

Reaffirming that neither side shall use or threaten to use force against the other by any means or seek unilateral military superiority,

Pursuant to the Agreement between the Government of the People's Republic of China and the Government of Republic of India on the Maintenance of Peace and Tranquillity Along the Line of Actual Control in the China-India Border Areas, signed on 7 September 1993,

Recognizing the need for effective confidence building measures in the military field along the line of actual control in the border areas between the two sides,

Noting the utility of confidence building measures already in place along the line of actual control in the China-India border areas, Committed to enhancing mutual confidence and transparency in the military field,

Have agreed as follows:

ARTICLE I

Neither side shall use its military capability against the other side. No armed forces deployed by either side in the border areas along the line of actual control as part of their respective military strength shall be used to attack the other side, or engage in military activities that threaten the other side or undermine peace, tranquillity and stability in the China-India border areas.

ARTICLE II

The two sides reiterate their determination to seek a fair, reasonable and mutually acceptable settlement of the boundary question. Pending an ultimate resolution of the boundary question, the two sides reaffirm their commitment to strictly respect and observe the line of actual control in the China-India border areas. No activities of either side shall overstep the line of actual control.

ARTICLE III

The two sides agree to take the following measures to reduce or limit their respective military forces within mutually agreed geographical zones along the line of actual control in the China-India border areas:

1. The two sides reaffirm that they shall reduce or limit their respective military forces within mutually agreed geographical zones along the line of actual control in the China-India border areas to minimum levels compatible with friendly and good-neighbourly relations between the two countries and consistent with the principle of mutual and equal security.
2. The two sides shall reduce or limit the number of field army, border defence forces, para-military forces and any other mutually agreed category of armed force deployed in mutually agreed geographical zones along the line of actual control to ceilings to be mutually agreed upon. The major categories of armaments to be reduced or limited are as follows: combat tanks, infantry combat vehicles,

* Ministry of the Foreign Affairs of the People's Republic of China at
<http://www.fmprc.gov.cn/eng/wjb/zzjg/yzs/gjlb/2711/2712/t15914.htm>

guns (including howitzers) with 75 mm or bigger calibre, mortars with 120 mm or bigger calibre, surface-to-surface missiles, surface-to-air missiles and any other weapon system mutually agreed upon.

3. The two sides shall exchange data on the military forces and armaments to be reduced or limited and decide on ceilings on military forces and armaments to be kept by each side within mutually agreed geographical zones along the line of actual control in the China-India border areas. The ceilings shall be determined in conformity with the requirement of the principle of mutual and equal security, with due consideration being given to parameters such as the nature of terrain, road communication and other infrastructure and time taken to induct/deinduct troops and armaments.

ARTICLE IV

In order to maintain peace and tranquillity along the line of actual control in the China-India border areas and to prevent any tension in the border areas due to misreading by either side of the other side's intentions:

1. Both sides shall avoid holding large scale military exercises involving more than one Division (approximately 15,000 troops) in close proximity of the line of actual control in the China-India border areas. However, if such exercises are to be conducted, the strategic direction of the main force involved shall not be towards the other side.

2. If either side conducts a major military exercise involving more than one Brigade Group (approximately 5,000 troops) in close proximity of the line of actual control in the China-India border areas, it shall give the other side prior notification with regard to type, level, planned duration and area of exercise as well as the number and type of units or formations participating in the exercise.

3. The date of completion of the exercise and deinduction of troops from the area of exercise shall be intimated to the other side within five days of completion or deinduction.

4. Each side shall be entitled to obtain timely clarification from the side undertaking the exercise in respect of data specified in Paragraph 2 of the present Article.

ARTICLE V

With a view to preventing air intrusions across the line of actual control in the China-India border areas and facilitating overflights and landings by military aircraft:

1. Both sides shall take adequate measures to ensure that air intrusions across the line of actual control do not take place. However, if an intrusion does take place, it should cease as soon as detected and the incident shall be promptly investigated by the side operating the aircraft. The results of the investigation shall be immediately communicated, through diplomatic channels or at border personnel meetings, to the other side.

2. Subject to Paragraphs 3 and 5 of this Article, combat aircraft (to include fighter, bomber, reconnaissance, military trainer, armed helicopter and other armed aircraft) shall not fly within ten kilometres of the line of actual control.

3. If either side is required to undertake flights of combat aircraft within ten kilometres from the line of actual control, it shall give the following information in advance to the other side, through diplomatic channels:

- (a) Type and number of combat aircraft;
- (b) Height of the proposed flight (in meters);
- (c) Proposed duration of flights (normally not to exceed ten days);
- (d) Proposed timing of flights; and
- (e) Area of operations, defined in latitude and longitude.

4. Unarmed transport aircraft, survey aircraft and helicopters shall be permitted to fly up to the line of actual control.

5. No military aircraft of either side shall fly across the line of actual control, except by prior permission. Military aircraft of either side may fly across the line of actual control or overfly the other side's airspace or land on the other side only after obtaining the latter's prior permission after providing the latter with detailed information on the flight in accordance with the international practice in this regard.

Notwithstanding the above stipulation, each side has the sovereign right to specify additional

conditions, including at short notice, for flights or landings of military aircraft of the other side on its side of the line of actual control or through its airspace.

6. In order to ensure flight safety in emergency situations, the authorities designated by the two sides may contact each other by the quickest means of communications available.

ARTICLE VI

With a view to preventing dangerous military activities along the line of actual control in the China-India border areas, the two sides agree as follows:

1. Neither side shall open fire, cause bio-degradation, use hazardous chemicals, conduct blast operations or hunt with guns or explosives within two kilometres from the line of actual control. This prohibition shall not apply to routine firing activities in small arms firing ranges.
2. If there is a need to conduct blast operations within two kilometres of the line of actual control as part of developmental activities, the other side shall be informed through diplomatic channels or by convening a border personnel meeting, preferably five days in advance.
3. While conducting exercises with live ammunition in areas close to the line of actual control, precaution shall be taken to ensure that a bullet or a missile does not accidentally fall on the other side across the line of actual control and causes harm to the personnel or property of the other side.
4. If the border personnel of the two sides come in a face-to-face situation due to differences on the alignment of the line of actual control or any other reason, they shall exercise self-restraint and take all necessary steps to avoid an escalation of the situation. Both sides shall also enter into immediate consultations through diplomatic and/or other available channels to review the situation and prevent any escalation of tension.

ARTICLE VII

In order to strengthen exchanges and cooperation between their military personnel and establishments in the border areas along the line of actual control, the two sides agree:

1. To maintain and expand the regime of scheduled and flag meetings between their border representatives at designated places along the line of actual control;
2. To maintain and expand telecommunication links between their border meeting points at designated places along the line of actual control;
3. To establish step-by-step medium and high-level contacts between the border authorities of the two sides.

ARTICLE VIII

1. Should the personnel of one side cross the line of actual control and enter the other side because of unavoidable circumstances like natural disasters, the other side shall extend all possible assistance to them and inform their side, as soon as possible, regarding the forced or inadvertent entry across the line of actual control. The modalities of return of the concerned personnel to their own side shall be settled through mutual consultations.

2. The two sides shall provide each other, at the earliest possible, with information pertaining to natural disasters and epidemic diseases in contiguous border areas which might affect the other side. The exchange of information shall take place either through diplomatic channels or at border personnel meetings.

ARTICLE IX

In case a doubtful situation develops in the border region, or in case one of the sides has some questions or doubts regarding the manner in which the other side is observing this Agreement, either side has the right to seek a clarification from the other side. The clarifications sought and replies to them shall be conveyed through diplomatic channels.

ARTICLE X

1. Recognizing that the full implementation of some of the provisions of the present Agreement will depend on the two sides arriving at a common understanding of the alignment of the line of actual control in the China-India border areas, the two sides agree to speed up the process of clarification and confirmation of the line of actual control. As an initial step in this process, they are clarifying the alignment of the line of actual control in those segments where they have different perceptions. They

also agree to exchange maps indicating their respective perceptions of the entire alignment of the line of actual control as soon as possible.

2. Pending the completion of the process of clarification and confirmation of the line of actual control, the two sides shall work out modalities for implementing confidence building measures envisaged under this Agreement on an interim basis, without prejudice to their respective positions on the alignment of the line of actual control as well as on the boundary question,

ARTICLE XI

Detailed implementation measures required under Article I to Article X of this Agreement shall be decided through mutual consultations in the China-India Joint Working Group on the Boundary Question. The China-India Diplomatic and Military Expert Group shall assist the China-India Joint Working Group in devising implementation measures under the Agreement.

ARTICLE XII

This Agreement is subject to ratification and shall enter into force on the date of exchange of instruments of ratification. It shall remain in effect until either side decides to terminate it after giving six months notice in writing. It shall become invalid six months after the notification.

This Agreement is subject to amendment and addition by mutual agreement in writing between the two sides.

Signed in duplicate in New Delhi on 29 November 1996 in the Chinese, Hindi and English languages, all three texts being equally authentic. In case of divergence, the English text shall prevail.

Appendix-III**Text of India-China agreement***

This is the text of the agreement between the Government of the Republic of India and the Government of the People's Republic of China on the Political Parameters and Guiding Principles for the Settlement of the India-China Boundary Question

The Government of the Republic of India and the Government of the People's Republic of China (hereinafter referred to as the two sides),

Believing that it serves the fundamental interests of the peoples of India and China to foster a long-term constructive and cooperative partnership on the basis of the Five Principles of Peaceful Co-existence, mutual respect and sensitivity for each other's concerns and aspirations, and equality,

Desirous of qualitatively upgrading the bilateral relationship at all levels and in all areas while addressing differences through peaceful means in a fair, reasonable and mutually acceptable manner,

Reiterating their commitment to abide by and implement the Agreement on the Maintenance of Peace and Tranquillity along the Line of Actual Control in the India-China Border Areas, signed on 7 September 1993, and the Agreement on Confidence Building Measures in the Military Field along the Line of Actual Control in the India-China Border Areas, signed on 29 November 1996,

Reaffirming the Declaration on Principles for Relations and Comprehensive Cooperation between India and China, signed on 23 June 2003,

Recalling that the two sides have appointed Special Representatives to explore the framework of settlement of the India-China boundary question and the two Special Representatives have been engaged in consultations in a friendly, cooperative and constructive atmosphere,

Noting that the two sides are seeking a political settlement of the boundary question in the context of their overall and long-term interests,

Convinced that an early settlement of the boundary question will advance the basic interests of the two countries and should therefore be pursued as a strategic objective,

Have agreed on the following political parameters and guiding principles for a boundary settlement:

Article I

The differences on the boundary question should not be allowed to affect the overall development of bilateral relations. The two sides will resolve the boundary question through peaceful and friendly consultations. Neither side shall use or threaten to use force against the other by any means. The final solution of the boundary question will significantly promote good neighborly and friendly relations between India and China.

Article II

The two sides should, in accordance with the Five Principles of Peaceful Coexistence, seek a fair, reasonable and mutually acceptable solution to the boundary question through consultations on an equal footing, proceeding from the political perspective of overall bilateral relations.

Article III

Both sides should, in the spirit of mutual respect and mutual understanding, make meaningful and mutually acceptable adjustments to their respective positions on the boundary question, so as to arrive at a package settlement to the boundary question. The boundary settlement must be final, covering all sectors of the India-China boundary.

Article IV

The two sides will give due consideration to each other's strategic and reasonable interests, and the principle of mutual and equal security.

* The Hindu, Online Edition of India's National Newspaper, Monday April 11, 2005, at <http://www.hindu.com/thehindu/nic/0041/indiachinatxt.htm>

Article V

The two sides will take into account, inter alia, historical evidence, national sentiments, practical difficulties and reasonable concerns and sensitivities of both sides, and the actual state of border areas.

Article VI

The boundary should be along well-defined and easily identifiable natural geographical features to be mutually agreed upon between the two sides.

Article VII

In reaching a boundary settlement, the two sides shall safeguard due interests of their settled populations in the border areas.

Article VIII

Within the agreed framework of the final boundary settlement, the delineation of the boundary will be carried out utilising means such as modern cartographic and surveying practices and joint surveys.

Article IX

Pending an ultimate settlement of the boundary question, the two sides should strictly respect and observe the line of actual control and work together to maintain peace and tranquillity in the border areas. The India-China Joint Working Group and the India-China Diplomatic and Military Expert Group shall continue their work under the Agreements of 7 September 1993 and 29 November 1996, including the clarification of the line of actual control and the implementation of confidence building measures.

Article X

The Special Representatives on the boundary question shall continue their consultations in an earnest manner with the objective of arriving at an agreed framework for a boundary settlement, which will provide the basis for the delineation and demarcation of the India-China boundary to be subsequently undertaken by civil and military officials and surveyors of the two sides.

Article XI

This Agreement shall come into force as of the date of signature and is subject to amendment and addition by mutual agreement in writing between the two sides.

Signed in duplicate in New Delhi on 11 April, 2005, in the Hindi, Chinese and English languages, all three texts being equally authentic. In case of divergence, the English text shall prevail.

For the Government of the Republic of India

For the Government of the People's Republic of China

New Delhi

April 11, 2005

Appendix-IV

A Shared Vision for the 21st Century of the People's Republic of China and the Republic of India*

H.E. Mr. Wen Jiabao, Premier of the State Council of the People's Republic of China and H.E. Dr. Manmohan Singh, Prime Minister of the Republic of India, meeting in Beijing on 14 January 2008, resolve to promote the building of a harmonious world of durable peace and common prosperity through developing the Strategic and Cooperative Partnership for Peace and Prosperity between the two countries.

China and India (hereinafter referred to as the "two sides") are the two largest developing nations on earth representing more than one-third of humanity. The two sides recognize that both China and India bear a significant historical responsibility to ensure comprehensive, balanced and sustainable economic and social development of the two countries and to promote peace and development in Asia and the world as a whole.

The two sides are convinced that it is time to look to the future in building a relationship of friendship and trust, based on equality, in which each is sensitive to the concerns and aspirations of the other. The two sides reiterate that China-India friendship and common development will have a positive influence on the future of the international system. China-India relations are not targeted at any country, nor will it affect their friendship with other countries.

The two sides believe that in the new century, Panchsheel, the Five Principles of Peaceful Co-existence, should continue to constitute the basic guiding principles for good relations between all countries and for creating the conditions for realizing peace and progress of humankind. An international system founded on these principles will be fair, rational, equal and mutually beneficial, will promote durable peace and common prosperity, create equal opportunities and eliminate poverty and discrimination.

The two sides hold that the right of each country to choose its own path of social, economic and political development in which fundamental human rights and the rule of law are given their due place, should be respected. An international system founded in tolerance and respect for diversity will promote the cause of peace and reduce the use, or threat of use, of force. The two sides favour an open and inclusive international system and believe that drawing lines on the ground of ideologies and values, or on geographical criteria, is not conducive to peaceful and harmonious coexistence.

The two sides believe that the continuous democratization of international relations and multilateralism are an important objective in the new century. The central role of the United Nations in promoting international peace, security and development should be recognized and promoted. The two sides support comprehensive reform of the United Nations, including giving priority to increasing the representation of developing countries in the Security Council. The Indian side reiterates its aspirations for permanent membership of the UN Security Council. The Chinese side attaches great importance to India's position as a major developing country in international affairs. The Chinese side understands and supports India's aspirations to play a greater role in the United Nations, including in the Security Council.

The two sides support and encourage the processes of regional integration that provide mutually beneficial opportunities for growth, as an important feature of the emerging international economic system. The two sides positively view each others' participation in regional processes and agree to strengthen their coordination and consultation within regional cooperation mechanisms including the East Asia Summit, to explore together and with other countries a new architecture for closer regional cooperation in Asia, and to make joint efforts for further regional integration of Asia. The two sides will strengthen their coordination under the framework of Asia-Europe Meeting, and are committed to strengthening and deepening Asia-Europe comprehensive partnership.

The two sides take a positive view on each other's participation in sub-regional multilateral cooperation processes between like-minded countries, including South Asian Association for Regional Cooperation, Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation and Shanghai

* Ministry of the Foreign Affairs of the People's Republic of China, at C:\ Documents and Settings\mal_b168\Desktop\A Shared Vision for the 21st Century of the People's Republic of China and the Republic of India.htm

Cooperation Organization. The two sides hold that this does not affect either country's existing friendly relations or cooperation with other countries.

The two sides welcome the positive facets of economic globalization, and are ready to face and meet its challenges, and will work with other countries towards balanced and mutually beneficial economic globalization. The two sides believe that the establishment of an open, fair, equitable, transparent and rule-based multilateral trading system is the common aspiration of all countries. The two sides favour the early conclusion of the Doha Development Round, placing the issues that affect the poorest of the poor at its core. The two sides are determined to strengthen their coordination with other developing countries in order to secure their shared objectives.

The two sides are convinced that it is in the common interest of the international community to establish an international energy order that is fair, equitable, secure and stable, and to the benefit of the entire international community. The two sides are committed to making joint efforts to diversify the global energy mix and enhance the share of clean and renewable energy, so as to meet the energy requirements of all countries.

The two sides welcome the opportunity for their outstanding scientists to work together in the International Thermonuclear Experimental Reactor (ITER) project, which is of great potential significance in meeting the global energy challenge in an environmentally sustainable manner. As two countries with advanced scientific capabilities, the two sides pledge to promote bilateral cooperation in civil nuclear energy, consistent with their respective international commitments, which will contribute to energy security and to dealing with risks associated with climate change.

The two sides recognize the challenge that humankind faces from climate change. The two sides take the issue of climate change seriously and reiterate their readiness to join the international community in the efforts to address climate change. The two sides also stand ready to enhance technological cooperation between the two countries. The two sides welcome the outcome of the United Nations Framework Convention on Climate Change (UNFCCC) meeting in Bali in December 2007 and agree to work closely during the negotiation process laid out in the Bali Road Map for long term cooperative action under the Convention. The two sides emphasise the importance of addressing climate change in accordance with principles and provisions of the UNFCCC and its Kyoto Protocol, in particular the principle of common but differentiated responsibilities.

The two sides appeal to the international community to move forward the processes of multilateral arms control, disarmament and non-proliferation. Outer space is the common heritage of humankind. It is the responsibility of all space-faring nations to commit to the peaceful uses of outer space. The two sides express their categorical opposition to the weaponisation and arms race in outer space.

The two sides strongly condemn the scourge of terrorism in all its forms and manifestations, and in all regions of the world. The two sides pledge to work together and with the international community to strengthen the global framework against terrorism in a long-term, sustained and comprehensive manner.

The two sides believe that cultural and religious tolerance and dialogue between civilizations and peoples will contribute to overall peace and stability of our world. The two sides endorse all efforts to promote inter-civilizational and inter-faith dialogues.

The two sides believe that their bilateral relationship in this century will be of significant regional and global influence. The two sides will therefore continue to build their Strategic and Cooperative Partnership in a positive way. As major economies in their region, the two sides believe that the strong growth in their trade and economic relations is mutually beneficial, and welcome the conclusion of a Feasibility Study on a Regional Trading Arrangement (RTA) between the two countries. According to the report of the Feasibility Study, a China-India RTA will be mutually advantageous. Against the backdrop of accelerating regional economic integration in Asia, the two sides agree to explore the possibility of commencing discussions on a mutually beneficial and high-quality RTA that meets the common aspirations of both countries, and will also benefit the region.

The two sides will continuously promote confidence building measures through steadily enhanced contacts in the field of defence. The two sides therefore welcome the commencement of the China-India Defence Dialogue and express their satisfaction at the successful conclusion of the first joint anti-terrorism training between their armed forces in December 2007. The two sides also welcome their efforts to set an example on trans-border rivers by commencing cooperation since 2002. The Indian side highly appreciates the assistance extended by China on the provision of flood season hydrological data which has assisted India in ensuring the safety and security of its population in the regions along these rivers. The two sides agree that this has contributed positively to building mutual understanding and trust.

The two sides remain firmly committed to resolving outstanding differences, including on the boundary question, through peaceful negotiations, while ensuring that such differences are not allowed to affect the positive development of bilateral relations. The two sides reiterate their determination to seek a fair, reasonable and mutually acceptable solution to the boundary question and to build a boundary of peace and friendship on the basis of the Agreement on Political Parameters and Guiding Principles for the Settlement of the China-India Boundary Question concluded in April 2005. The Special Representatives shall complete at an early date the task of arriving at an agreed framework of settlement on the basis of this Agreement.

The Indian side recalls that India was among the first countries to recognize that there is one China and that its one China policy has remained unaltered. The Indian side states that it would continue to abide by its one China policy, and oppose any activity that is against the one China principle. The Chinese side expresses its appreciation for the Indian position.

The two sides recognize the responsibilities and obligations of the two countries to the international community. The two sides are determined to enhance mutual understanding and friendship between the peoples of China and India, for the betterment of both countries and to bring about a brighter future for humanity.

Wen Jiabao

Dr. Manmohan Singh

Premier of the State Council of the People's Republic of China Prime Minister of the Republic of India

Beijing

January 14, 2008

Appendix-V

FULL TEXT OF JOINT STATEMENT OF CHINA, INDIA*

The following is the full text of the Joint Statement of the People's Republic of China and the Republic of India signed by Chinese Premier Wen Jiabao and Indian Prime Minister Manmohan Singh in New Delhi Monday:

Joint Statement of the People's Republic of China and the Republic of India

I. H.E. Mr. Wen Jiabao, Premier of the State Council of the People's Republic of China, is currently paying a state visit to the Republic of India from 9 to 12 April 2005 at the invitation of H.E. Dr. Manmohan Singh, Prime Minister of the Republic of India. During the visit, Premier Wen Jiabao held talks with Prime Minister Dr. Manmohan Singh, called on President Dr. A.P.J. Abdul Kalam and Vice President Shri Bhairon Singh Shekhawat and met with Chairperson, United Progressive Alliance Smt. Sonia Gandhi. External Affairs Minister Shri K. Natwar Singh and Leader of Opposition, Lok Sabha Shri L.K. Advani will call on him. Premier Wen paid a visit to Bangalore and will deliver a speech at the Indian Institute of Technology in New Delhi. Leaders of the two countries had an in-depth exchange of views in a sincere, friendly and constructive atmosphere and reached broad consensus on bilateral relations and international and regional issues of common concern.

II. The two sides reviewed the friendly contacts and progress in their bilateral relations in recent years and agreed that China-India relations have entered a new stage of comprehensive development. Both sides noted with satisfaction that with the frequent exchange of visits between leaders of the two countries, the process of building trust and understanding has gained momentum. Rapid growth of trade and economic cooperation has been coupled with the expansion of exchanges and cooperation in other fields. The two sides have made incremental progress in addressing outstanding issues. The two sides have also maintained good communication and collaboration in international and regional affairs. Both sides agreed that China and India have made satisfying progress in developing their long-term constructive and cooperative partnership. The two sides recalled the Declaration on Principles for Relations and Comprehensive Cooperation between the two Prime Ministers on 23 June 2003 and reiterated that the Declaration provided a shared vision of bilateral relations and an agreed framework for cooperation.

III. In the light of the development of their bilateral relations, in order to promote good neighborliness, friendship and mutually beneficial cooperation and taking into account the profound changes in the regional and international situation, the two sides agreed that China-India relations have now acquired a global and strategic character. The leaders of the two countries have, therefore, agreed to establish a China - India Strategic and Cooperative Partnership for Peace and Prosperity. Such a partnership is based on the principles of Panchsheel, mutual respect and sensitivity for each other's concerns and aspirations, and equality; provides a sound framework for an all around and comprehensive development of bilateral relations based on mutual and equal security, development and prosperity of the two peoples; and contributes to jointly addressing global challenges and threats. It reflects the readiness of the two sides to resolve outstanding differences in a proactive manner without letting them come in the way of the continued development of bilateral relations.

IV. The two sides agreed that high-level exchanges between the governments, parliaments and political parties of the two countries play an important role in expanding overall bilateral cooperation. They conveyed their determination to maintain and strengthen the momentum of such exchanges in future and agreed to hold regular meetings between the leaders of the two countries. In this context, the two sides also reiterated their intention to promote regular ministerial-level exchanges and make full use of the China-India strategic dialogue and other bilateral dialogue mechanisms.

V. The year of 2005 marks the 55th anniversary of the establishment of diplomatic relations between China and India. To mark the occasion, the two countries will organize a series of commemorative activities. It was noted that "Cultural Festival of China" was currently underway in India and that a corresponding "Cultural Festival of India" would be organized in China later in the year. The two sides would also organize other cultural activities to further promote mutual awareness and deepen the friendship between the two peoples. The two sides declared 2006 as the "year of China-India friendship". Both sides expressed satisfaction with strengthened exchanges in the area of culture, and affirmed that mutual understanding and cultural exchanges would facilitate development of

* Embassy of the People's Republic of China in the Islamic Republic of Pakistan, <http://pk.chineseembassy.org/eng/zgxw/t191666.htm>

cooperation in other areas as well. In order to reinforce traditional cultural links, an agreement was concluded for the construction of an Indian style Buddhist temple at Luoyang in Henan Province of China.

VI. The two sides stressed that an all-round expansion of China-India economic cooperation, including trade and investment, constitutes an important dimension of a stronger China-India relationship. The two countries agreed to make joint efforts to increase the bilateral trade volume to US\$ 20 billion or higher by 2008. The two sides welcomed the report of the Joint Study Group (JSG) that was set up to examine the potential complementarities between the two countries in expanded trade and economic cooperation. The JSG in its Report has identified a series of measures related to trade in goods, trade in services, investments and other areas of economic cooperation, and recommended their

expeditious implementation to remove impediments and facilitate enhanced economic engagement between China and India. The two Prime Ministers tasked the Ministerial-level China-India Joint Economic Group (JEG) to consider these recommendations and coordinate their implementation. For this purpose, the two sides will make their best endeavor to hold the next meeting of JEG within the next six months. The JSG has also recommended a China-India Regional Trading Arrangement, comprising of trade in goods and services, investments, identified understandings for trade and investment promotion and facilitation, and measures for promotion of economic cooperation in identified sectors. The Prime Ministers agreed to appoint a Joint Task Force to study in detail the feasibility of, and the benefits that may derive from, the China- India Regional Trading Arrangement and give recommendations regarding its content. Both sides noted that the Agreement on the Establishment of a Financial Dialogue Mechanism would further facilitate the dynamic and diversifying economic cooperation between the two sides. They will continue consultations on concluding the Bilateral Investment Promotion and Protection Agreement. The two sides noted with satisfaction that the two countries have signed the SPS Protocols for the export of grapes and bitter melon from India to China. The two sides also agreed to constitute a Joint Working Group to implement expeditiously the MOU on Application of SPS between the Chinese General

Administration of Quality Supervision, Inspection and Quarantine and the Indian Ministry of Agriculture. China positively evaluates market access for Indian rice to the Chinese market and will launch as early as possible the risk analysis procedure of the Indian rice in accordance with relevant Chinese laws and regulations.

VII. The two sides agreed to further promote the cooperation in the spheres of education, science and technology, healthcare, information, tourism, youth exchange, agriculture, dairy development, sports and other fields on the basis of mutual benefit and reciprocity. The two sides decided to establish a China-India Steering Committee on Scientific and Technological Cooperation chaired by their Ministers for Science and Technology, and start consultations on an agreement on mutual recognition of academic certificates and degrees between China and India. The two sides announced the launching of regular youth exchange activities. China will invite 100 Indian youth to China within the year of

2005 and hold an exhibition this year on advanced and applicable technologies in India.

VIII. The two sides recognized the importance of strengthening mutual connectivity and agreed to jointly work towards further enhancement of direct air and shipping links, tourism and people-to-people contacts. It was noted with satisfaction that an MOU on major liberalization of civil aviation links between China and India was concluded during the visit.

IX. The two sides will continue to cooperate in exchanging flood-season hydrological data of the trans-border rivers as agreed between them. In response to concerns expressed by the Indian side, the Chinese side agreed to take measures for controlled release of accumulated water of the landslide dam on the river Parechu, as soon as conditions permit. It was noted with satisfaction that an agreement concerning the revision of hydrological data on Langqen Zangbo / Sutlej was concluded during the visit and that the two sides had also agreed to continue

bilateral discussions to finalize at an early date similar arrangements for the Parlun Zangbo and Zayu Qu / Lohit Rivers. The two sides agreed to cooperate in the field of energy security and conservation, including, among others, encouraging relevant departments and units of the two countries to engage in the survey and exploration of petroleum and natural gas resources in third countries.

X. The two sides noted the useful exchanges and interaction in the military field and decided to further promote such exchanges and interaction. They agreed that broadening and deepening of defense exchanges between the two countries was of vital importance in enhancing mutual trust and understanding between the two armed forces, and to ensuring a peaceful environment in which they could pursue their respective national development objectives. The two sides decided to further strengthen effective contacts and exchanges in this field.

XI. During the visit, the two sides exchanged views on the China-India boundary question and reiterated their readiness to seek a fair, reasonable and mutually acceptable solution, through equal and friendly consultations and proceeding from the overall interests of bilateral relations. They expressed satisfaction over the progress made in the discussions between the Special Representatives of the two countries and welcomed the conclusion of the Agreement on the Political Parameters and Guiding Principles for the Settlement of the Boundary Question. Both sides are convinced that an early settlement of the boundary question will advance the basic interests of the two countries and should therefore be pursued as a strategic objective. They expressed their commitment to the mechanism of Special Representatives for seeking a political settlement of the boundary question in the context of their long-term interests and the overall bilateral relationship. Pending a final resolution, the two sides will continue to make joint efforts to maintain peace and tranquillity in the border areas in accordance with the Agreements of 1993 and 1996. Both sides agreed that while continuing the discussions between the Special Representatives, it is also important that the Joint Working Group (JWG) continues its work to seek an early clarification and confirmation of the Line of Actual Control (LAC). Progress made so far on the clarification of the LAC in the China-India border areas was noted. It was agreed to complete the process of exchanging maps indicating their respective perceptions of the entire alignment of the LAC on the basis of already agreed parameters, with the objective of arriving at a common understanding of the alignment, as soon as possible. The two sides expressed satisfaction at the progress achieved in the implementation of the agreements of 1993 and 1996 and agreed to fully implement them expeditiously. Towards that end, they concluded a Protocol on Modalities for the Implementation of Confidence Building Measures in the Military Field along the Line of Actual Control in the China-India Border Areas.

XII. The Indian side reiterated that it recognized the Tiet Autonomous Region as part of the territory of the People's Republic of China and that it did not allow Tibetans to engage in anti-China political activities in India. The Indian side recalled that India was among the first countries to recognize that there is one China and its one China policy remains unaltered. The Indian side stated it would continue to abide by its one China policy. The Chinese side expressed its appreciation for the Indian positions.

XIII. Both sides reviewed with satisfaction the implementation of the memorandum on the border trade through the Nathula Pass between the Tibet Autonomous Region of the People's Republic of China and the Sikkim State of the Republic of India.

XIV. The two sides noted with satisfaction that through friendly consultations an agreement in principle had been reached between the two countries to solve the long-pending issue of property originally belonging to Indian Consulate General in Shanghai with the Chinese side agreeing to provide a plot of land in lieu of the premises of the original Consulate General of India.

XV. As two large developing countries, both China and India were aware of each other's important role in the process of promoting the establishment of a new international political and economic order. Both sides share common interests in the maintenance of peace, stability and prosperity in Asia and the world at large, and share the desire to develop closer and more extensive understanding and cooperation in regional and international affairs.

The two sides are supportive of democratization of international relations and multilateralism, stand for the establishment of a new international political and economic order that is fair, rational, equal and mutually beneficial, and promote North-South Dialogue and South-South Cooperation. The two sides believe that the international community should eliminate poverty, narrow the gap between North and South, and achieve common prosperity through dialogue and cooperation.

XVI. The two sides reiterated the importance of the United Nations in global peace, stability and common development and expressed their determination to continue their efforts, together with the international community, in strengthening the UN system to develop a sound multilateral basis to address global issues. Both China and India agree that reform of the United Nations should be comprehensive and multi-faceted and should put emphasis on an increase in the representation of developing countries. The Indian side reiterated its aspirations for permanent membership of the UN Security Council. The Chinese side also reiterated that India is an important developing country and is having an increasingly important influence in the international arena. China attaches great importance to the status of India in international

affairs. It understands and supports India's aspirations to play an active role in the UN and international affairs. The two sides reaffirmed their readiness to conduct close consultations and cooperation in the process of the UN reforms.

XVII. The two sides, aware of the threats posed by terrorism to the peace and security of the two countries and the whole world, resolutely condemn terrorism in any form. The struggle between the international community and global terrorism is a comprehensive and sustained one, with the ultimate objective of eradication of terrorism in all regions. This requires strengthening the global legal

framework against terrorism. Both sides noted the positive outcome of the meetings held so far of their bilateral dialogue mechanism on counter-terrorism and agreed to further strengthen and consolidate their discussions and cooperation. It was agreed to hold the next meeting of the dialogue mechanism on counter-terrorism later this year.

XVIII. Both sides agreed to conduct regular exchange of views on major international and regional issues, strengthen cooperation in the WTO and other international multilateral organizations, and to continue the consultations on other issues of common concern. They agreed to work together to preserve stability and growth in the global economy and reduce disparities between developed and developing countries. They supported an open, fair, equitable and transparent rule-based multilateral trade system and resolved to safeguard the legitimate rights and interests of the developing countries.

XIX. Aware of their linked destinies as neighbors and the two largest countries of Asia, both sides agreed that they would together, contribute to the establishment of an atmosphere of mutual understanding, trust and cooperation in Asia and the world at large, and facilitate efforts to strengthen multilateral coordination mechanisms on security and cooperation.

XX. During the visit, the two sides signed and/or released the following documents: i Agreement on Political Parameters and Guiding Principles for the Settlement of the China-India Boundary Question ii. Report of China-India Joint Study Group on Comprehensive Trade and Economic Cooperation iii. Protocol on Modalities for the Implementation of CBMs in the Military Field along the Line of Actual Control in the China-India Border Areas iv. Agreement on Mutual Administrative Assistance and Cooperation in Customs Matters v. MOU on the Launch of the China-India Financial Dialogue vi. MOU on Civil Aviation vii. Protocol of Phytosanitary Requirement for Exporting Grapes from India to China viii. Protocol of Phytosanitary Requirement for Exporting Bitter Gourds from India to China ix. MOU on provision of Hydrological Information of the Langqen Zangbo/Sutlej River in Flood Season by China to India x. Protocol on China-India Film Cooperation Commission xi. MOU on Cooperation between the Chinese People's Institute of Foreign Affairs and the Indian Council of World Affairs xii. Memorandum on the Construction of an Indian-style Buddhist Temple on the Western side of the White Horse Temple in Luoyang, China.

XXI. The two sides believed that Premier Wen Jiabao's highly successful state visit to the Republic of India marked a new level of China-India relationship and opened a new chapter in the friendly relations and cooperation between the two countries.

Premier Wen Jiabao, on behalf of the Chinese Government and people, expressed his appreciation to the Government and people of India for their warm hospitality, and invited Prime Minister Manmohan Singh to visit China at a mutually convenient time. Prime Minister Manmohan Singh appreciated the invitation and accepted it with pleasure. The Indian side also reiterated the invitation to President Hu Jintao to visit India. The exact time of the visit will be decided through diplomatic channels.

Premier of the State Council of the People's Republic of China Prime Minister of the Republic of India.

New Delhi, 11 April 2005